Overview

Canada's International Business Strategy

1996-1997

Team Canada • Équipe Canada

Canada's International Business Strategy

*is made up of an **Overview** highlighting Canada's international business development priorities, and a series of **Industry Sector Strategies**, which include lists of planned international activities. The following documents are available:*

Overview
1. Advanced Manufacturing Technologies
2. Aerospace and Defence
3. Agriculture, Food and Beverages
4. Arts and Cultural Industries
5. Automotive
6. Bio-Industries
7. Business, Professional and Educational Services
8. Chemicals, Plastics and Advanced Materials
9. Construction Products and Services
10. Consumer Products
    Apparel
    Textiles
    Footwear
    Sporting Goods
    Pleasure Boats and Equipment
    Tools, Hardware and Housewares
    Residential Furniture
    Business and Institutional Furniture
    Giftware and Crafts
11. Electrical Power Equipment and Services
12. Environmental Industry
13. Fish and Seafood Products
14. Forest Industries
15. Information Technologies and Telecommunications
    Overview
    Telecommunications Equipment and Services
    Software Products, Computer Services and New Media
    Geomatics
    Computers, Peripherals and Instrumentation
    Electronic Components
16. Medical and Health-care Products and Services
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    Pharmaceuticals
    Health-care Services
17. Metals, Minerals and Related Equipment, Services and Technology
18. Oil and Gas Products and Energy Equipment
19. Resource Equipment and Technology
    Agricultural Technology, Machinery and Equipment
    Ocean and Marine Shipboard Technology
20. Space
21. Tourism
22. Urban Transit and Rail Equipment

For information on how to receive the Overview, or additional Industry Sector Strategies, please call: 1-800-267-8376.

All monetary figures in this document are expressed in Canadian dollars unless otherwise indicated.

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Aussi disponible en français sous le titre Aperçu.

Canada's International Business Strategy (CIBS) is a key element of the federal government's commitment to a "Team Canada" partnership with the private sector and the provinces — a partnership based on developing winning strategies that generate new opportunities for Canadian business.

By encouraging direct and active consultation between government and the private sector, CIBS provides Canadian industry with an important opportunity to influence government international business priorities. The result is a series of international business strategies spanning 22 key industry sectors. Each sector strategy identifies the primary objectives that government and industry will pursue to help Canadian firms capture emerging global trade, technology and investment opportunities. These objectives, in turn, determine which specific international events and initiatives receive government support.

Through full industry participation in setting government priorities, CIBS ensures that government strategies and initiatives reflect the real needs of Canadian industry. At the same time, CIBS works to reduce overlap and duplication among governments and to direct government resources where they can genuinely "make a difference."

CIBS includes...

- **CIBS Overview:** This section consists of a *Strategic Overview* summarizing Canada's main trade policy and international business development objectives, and a *Geographic Overview* identifying key challenges, priorities and opportunities within each of the world's major geographic regions. The Overview also includes a list of *Cross-sectoral Activities* that will be undertaken in support of international business development, as well as a complete list of Canada Business Service Centres.

- **Industry Sector Strategies:** The main component of CIBS consists of 22 *Industry Sector Strategies*, detailing how government and industry will work together to take advantage of emerging global trade, technology and investment opportunities. Each strategy provides a summary of international business opportunities and priorities for a given sector, based on close consultation with the private sector.

- **International Activities:** A list of international activities is appended to each sector strategy. Each list identifies the specific international events and initiatives that governments intend to sponsor in support of the strategy. Canadian companies are invited to participate in these events, and are encouraged to contact the department or agency listed for details.

Where can I get a copy?

CIBS is a public document available to anyone free of charge. It is available on-line, along with a "Compendium" (a continually updated list of federal and provincial government-sponsored activities that support the international business development efforts of Canadian firms).

To obtain copies of the Overview, Industry Sector Strategies and Sector Activity Lists, please contact the Department of Foreign Affairs and International Trade's InfoCentre at:
Tel: 1-800-267-8376; FaxLink: 613-944-4500;
Internet: http://www.dfait-maeci.gc.ca

We want to hear from you!

CIBS is continually being revised in response to feedback from clients. Your views on how CIBS can be improved are important. If you have comments or questions, or want to find out how to become more actively involved in the CIBS process, please contact the CIBS Working Group at:
Tel: (613) 944-4827; Fax: (613) 996-9265;
E-mail: strategy.cib@extott16.x400.gc.ca

We also invite you to take a moment to complete the enclosed one-page questionnaire.

In its formal response to Canada's *Foreign Policy Review*, the federal government identified three main objectives for its international actions in the years ahead:

– promoting Canada's prosperity and employment;

– protecting Canadian security, within a stable global framework; and

– projecting Canadian values and culture.

In pursuit of the first of these objectives, the Government of Canada launched a series of "Team Canada" initiatives in October 1995. These initiatives are designed to help Canadian businesses capture emerging global market opportunities while creating jobs at home. They are also intended to build strong partnerships between government and the private sector, to ensure that maximum benefit is derived from available resources, and to eliminate unnecessary overlap and duplication among governments.

A critical element of the Team Canada approach is its focus on Canadian small and medium-sized enterprises (SMEs). Recent data confirm that smaller firms are responsible for creating the vast majority of new jobs in Canada. SMEs are also central to the Government's efforts to broaden Canada's trade, technology and investment relations to fast-growing markets worldwide.

Canada's International Business Strategy (CIBS) is an integral part of the federal government's Team Canada approach. By encouraging direct and active consultation between government and the private sector, CIBS provides Canadian industry with a real opportunity to influence government international business strategies and priorities. At the same time, CIBS works to streamline the allocation of resources and rationalize federal (and increasingly provincial) international initiatives.

This strategic overview is intended to complement the 22 sector strategies, jointly developed by government and industry, that constitute the main component of CIBS. Its purpose is to lay out the Government's broad trade policy and international business development priorities.

Trade Policy Priorities

Managing the Canada-U.S. Economic Relationship

Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Managing this relationship effectively must therefore remain Canada's overriding trade and economic policy priority.

While the overall Canada-U.S. relationship has been extremely positive, continued vigilance is needed to defend Canadian interests whenever U.S. regulators or special interests attempt to bend the rules of either the North American Free Trade Agreement (NAFTA) or the World Trade Organization (WTO). The Government will seek to resolve a number of issues that currently strain bilateral relations.

Canada will also pursue reforms that reduce the possibility of disputes with the U.S. with respect to subsidies, dumping and the operation of trade remedy laws.

Establishing an Effective World Trade Organization

The federal government's most important multilateral trade policy objective will be to work toward the full and effective implementation of the WTO. To this end, Canada will seek to establish the WTO as a strong institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations.

Other priorities include monitoring and, where possible, accelerating the implementation of the Uruguay Round agreements, and pursuing or launching negotiations in a number of new areas.

Improving International Rules Governing Foreign Direct Investment and Anti-competitive Behaviour

Canada will continue to pursue a "multi-track" strategy to improve international rules governing foreign direct investment and anti-competitive practices. This strategy rests on: negotiating new bilateral foreign investment protection agreements

with developing countries and economies in transition; pursuing negotiations toward a multilateral agreement on investment; and encouraging greater vigilance of anti-competitive actions on the part of large multinational firms.

Widening Canada's Network of Free Trade Partners

The federal government will work vigorously to widen Canada's network of free trade partners and improve market access for Canadian exporters. This objective will be pursued within the context of the NAFTA, the Free Trade Agreement of the Americas, the Asia-Pacific Economic Co-operation forum (APEC) and the WTO.

Opportunities to build stronger ties with the European Union (EU) will also be explored. Within this context, Canada will continue to press for further trade and investment liberalization across the Atlantic, leading to eventual transatlantic free trade. Freer trade and investment with the EU would lend strong impetus to a North Atlantic economic renaissance, push the frontiers of liberalization and rule making, and ultimately enhance the world trading system and global stability.

Canada believes that any eventual agreement to promote freer trade should encompass the totality of the transatlantic community and concentrate on areas not yet covered by the new WTO. It should also be fully compatible with the WTO and remain fundamentally open. Canada will also pursue, as appropriate, bilateral trade and investment liberalization initiatives.

International Business Development Priorities

International Business Promotion

To help Canadian firms capture global market opportunities, the federal government is working to:

- expand Team Canada partnerships;
- increase the number of exporting SMEs; and
- broaden Canada's trade, technology and investment relations beyond traditional markets to other fast-growing regions of the world.

Investment Development

Governments compete for scarce, job-creating international business investment and Canada must compete with its NAFTA partners for investment in North America. Attracting international business investment to Canada is important to the Government's efforts to support wealth and job creation. The federal government will therefore renew its efforts to:

- attract new investment from multinational enterprises and high-performance companies;
- support the retention and expansion in Canada of existing wealth and job-creating businesses; and
- promote the growth of Canadian-based, globally competitive companies by introducing Canadian technology-based SMEs to intenational investment partners and opportunities.

Science and Technology

Canadian companies benefit both from ready access to worldwide scientific and technological knowledge and world-class process and product technology. Participating in various international science- and technology-based initiatives (e.g. research and development [R&D], standards setting) also encourages firms to innovate, thereby contributing to wealth creation and, more generally, enhancing the quality of life in Canada.

The Government's main science and technology (S&T) objective, within an international business context, is to support and enhance the global performance of Canadian SMEs. To this end, a number of initiatives will be pursued to promote R&D, S&T co-operation, and technology acquisition and dissemination. Federal departments and agencies will also be encouraged to develop strategies to promote S&T collaboration and to gather and disseminate international S&T intelligence more effectively.

Introduction: Team Canada Partnerships for Prosperity

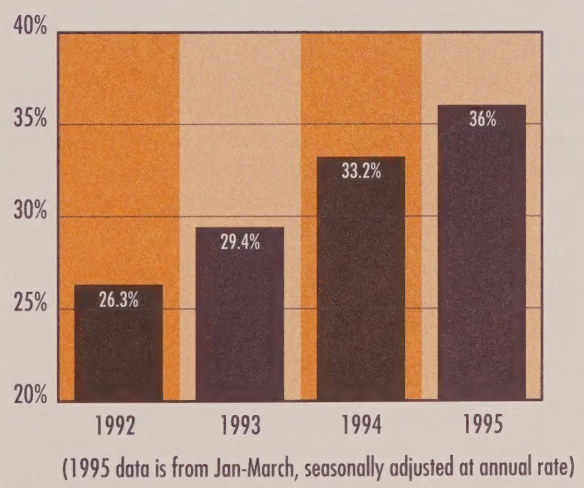
In its formal response to Canada's *Foreign Policy Review*, the federal government identified three main objectives for Canada's foreign policy in the years ahead:

- promoting Canada's prosperity and employment;
- protecting Canadian security, within a stable global framework; and
- projecting Canadian values and culture.

Key to the pursuit of the first of these objectives — promoting Canada's prosperity and employment — will be Canada's ability to compete in international markets.

Exports of goods and services currently account for more than 35 percent of Canada's gross domestic product (GDP) — one of the highest levels in the industrialized world. Already, some 3 million working Canadians (one out of every four) owe their jobs to Canada's success in the global marketplace. And, by some estimates, every additional $1 billion in new international business generates approximately 11 000 new jobs in Canada.

Figure 1
Exports of Goods and Services as % of GDP
Canada, 1992-1995



Source: Statistics Canada

To help Canadians succeed in international markets, while creating jobs in Canada, the Government launched a series of Team Canada initiatives in October 1995. These initiatives are a direct response to demands from the private sector that governments "get their act together" and get on with the job of helping Canadian businesses capture emerging market opportunities.

The Team Canada approach is designed to build strong partnerships between government and the private sector, ensure that maximum benefit is derived from available resources, and eliminate unnecessary overlap and duplication among governments.

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A critical element of this approach is its focus on SMEs. Recent data confirm that smaller firms are responsible for creating the vast majority of new jobs in Canada.

SMEs are also central to government's efforts to broaden Canada's trade, technology and investment relations to fast-growing markets worldwide. A major goal of the Team Canada program is to double the number of active Canadian exporters by the year 2000.

Implicit in Team Canada is the recognition that the private sector — not government — is the ultimate generator of wealth. It is individual Canadians and firms that innovate, that invent, that invest and that create new jobs. The Government, however, has a clear responsibility to "get the big picture right" — to establish a fiscal, economic and policy framework that is conducive to wealth and job creation, and that will support Canadian industry and Canadian entrepreneurs in meeting and surpassing the international competition.

Canada's International Business Strategy (CIBS) is an integral part of the Team Canada approach. By encouraging direct and active consultation between government and the private sector, CIBS provides Canadian industry with a real opportunity to influence government international business strategies and priorities. The result is a series of international business strategies spanning 22 key industry sectors. CIBS also works to streamline the allocation of resources and to rationalize federal (and increasingly provincial) international business development initiatives.

This strategic overview is intended to complement the 22 sector strategies, jointly developed by government and industry, that constitute the main component of CIBS. Its purpose is to lay out Canada's broad international business priorities. These priorities are identified under two main headings: Trade Policy and International Business Development.

Trade Policy Priorities

In the area of trade policy, the federal government has identified the following four main priorities.

Managing the Canada-U.S. Economic Relationship

Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Of Canadian exports, more than 80 percent are destined for the United States. At the same time, the U.S. accounts for 65 percent of foreign direct investment in Canada. As such, effective management of the Canada-U.S. relationship must remain Canada's overriding priority.

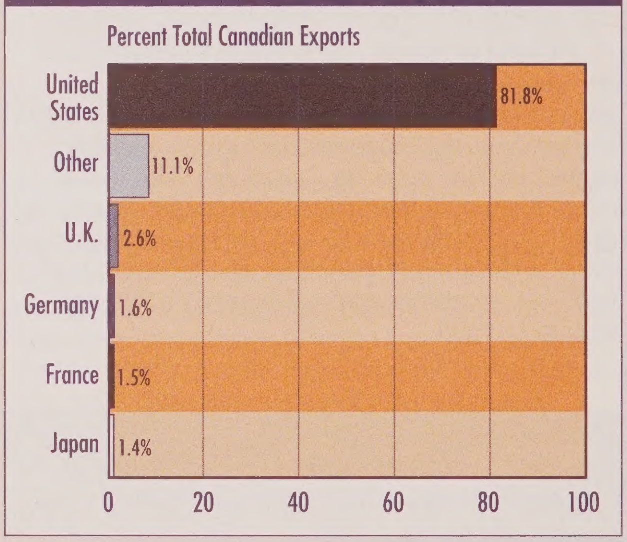
While the overall bilateral relationship has been extremely positive, careful management is required to ensure that Canadian interests are defended whenever U.S. regulators or special interests attempt to bend the rules of either the NAFTA or the WTO. Government will continue to seek resolution of various issues that currently strain bilateral relations.

Canada will also pursue reforms that reduce the possibility of disputes with the U.S. concerning the issue of subsidies, dumping and the operation of trade remedy laws. In addition, the Government will seek to expand access to the U.S. government procurement market and broaden opportunities for Canadian financial services firms.

Establishing an Effective World Trade Organization

The World Trade Organization is the centrepiece of the new trade regime resulting from the recent round of multilateral trade negotiations. One of its main objectives is to provide a stable, rules-based international trading climate — essential for a trading country like Canada.

Figure 2
Canada's Major Export Markets, 1994



Source: Statistics Canada

- The Government's most important multilateral trade policy objective will be to work toward the full and effective implementation of the WTO. In this regard, Canada will seek to establish the WTO as a strong institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations. Ensuring the integrity and effectiveness of the WTO dispute settlement mechanism will also be a high priority.

Other WTO priorities include:

- Monitoring the implementation of the Uruguay Round agreements and, where possible, encouraging accelerated implementation of obligations.

- Pursuing the ambitious agenda of negotiations already under way in such areas as basic telecommunications, maritime transport and government procurement, and building consensus to launch new negotiations in other important areas (e.g. tariffs, agriculture and subsidies).

- Working to restrict the growing scope of protectionist domestic practices that effectively undermine hard-won market access gains. In this regard, Canada will seek to have the new issues of trade and investment and trade and competition policy examined. The Government will also push for new ways to reduce the barriers caused by the proliferation of differing product standards. With respect to trade and environment, Canada supports work to ensure that rules and policies in these different areas are compatible and consistent with the goal of continued trade liberalization.

- Developing greater coherence in global economic policy making (i.e. trade, monetary policy, finance) through enhanced co-operation among the WTO, the International Monetary Fund (IMF) and the World Bank.

In November 1995, Canada hosted an informal trade meeting involving trade ministers and senior officials from 14 WTO member countries. Through initiatives with its WTO partners, and different forums such as the Quad, APEC, the Organization for Economic Co-operation and Development (OECD) and the G-7 Summit, Canada is actively working to ensure a successful first ministerial conference of the WTO, to be held in Singapore in December 1996.

Improving International Rules Governing Foreign Direct Investment and Anti-competitive Behaviour

Canada will continue to pursue a "multi-track" strategy to improve international rules governing foreign direct investment and anti-competitive practices. This strategy rests on:

- Negotiating a new generation of bilateral foreign investment protection agreements with developing countries and economies in transition in Central and Eastern Europe. Canada currently has such agreements with Russia and the signatories of the Commonwealth of Independent States (CIS), the Czech and Slovak Republics, Poland, Hungary and Argentina. New agreements have been signed with Ukraine and Latvia, and others are expected to be signed with several countries in the coming months.

- Pursuing negotiations within the OECD to achieve a multilateral agreement on investment. In May 1995, Canada supported the decision of OECD Ministers to launch negotiations to pursue such an agreement with respect to access, protection, and dispute settlement among all OECD countries. A number of new issues not currently covered by any existing agreement (e.g. technological protectionism, extra-territoriality) will be on the table. Negotiations are expected to conclude by June 1997.

- Encouraging greater vigilance of the possible anti-competitive actions of large multinational firms through agreements that promote active co-operation among competition (anti-trust) authorities.

- Extending OECD and APEC guidelines on international technology co-operation to ensure open and transparent rules for national S&T support programs consistent with principles such as national treatment.

Widening Canada's Network of Free Trade Partners

The Government will work vigorously to widen Canada's network of free trade partners and improve market access for Canadian exporters. This objective will be pursued by:

- Encouraging the expansion of the NAFTA to ensure that it remains outward-looking and dynamic. In December 1994, the Prime Minister of Canada and the Presidents of the United States, Mexico and Chile announced their intention to pursue Chile's accession to the Agreement. Canada's broad objective in these negotiations is to have Chile accede to the NAFTA (including the labour and environmental side agreements) without substantively modifying the balance of Canada's rights and obligations with its current NAFTA partners. Other objectives include:

  – barrier-free access to Chile's market;

  – protection for Canadian investment;

  – promoting Canada's attractiveness as an investment site; and

  – demonstrating that the NAFTA is the preferred route for expanding hemispheric free trade.

The governments of Canada and Chile recently agreed to pursue an interim bilateral trade agreement that will enhance trade and investment between the two countries as well as facilitate Chile's accession to the NAFTA.

• Pursuing a Free Trade Agreement of the Americas, as endorsed at the Miami Summit of the Americas in June 1995. The 34 nations that participated in the Summit resolved to eliminate barriers to trade and investment among them by the year 2005.

• Canada intends to further the momentum of the Miami Summit by initiating discussions with the MERCOSUR countries (i.e. Brazil, Argentina, Paraguay, Uruguay) on the possibility of eventually bridging MERCOSUR and the NAFTA. The Prime Minister proposed such discussions in a recent visit to South America.

• Supporting the accession to the WTO of several major emerging economies and ones in transition that currently operate on the margins of the international trading system, through meaningful market access commitments and rules that apply to all members (e.g. China, Taiwan, Russia, Saudi Arabia).

• Seeking further commitments across the Pacific with Canada's partners in APEC. Canada will work actively within APEC to encourage member countries to fully accept the obligations of the international trading system. At the same time, Canada will aggressively pursue the 1994 commitment of APEC leaders to establish free trade in Asia-Pacific by 2020. (Free trade among developed economies in the region is to be achieved by 2010.) In 1997, Canada will chair the APEC process and host the annual summit in Vancouver.

• Building stronger ties with the EU, while ensuring that Canada's trade and economic relations with Europe continue to be supported at the bilateral level, especially with its major trading partners. To this end, the federal government will examine how to build on the results of the recent multilateral trade negotiations to deepen trade and investment liberalization with the EU. In consultation with the business community, it will also explore possibilities for reducing or eliminating barriers to trade between Europe and North America for the full range of Canadian export interests.

• The Government will also continue to press for progress on transatlantic free trade. From Canada's viewpoint, transatlantic free trade would lend strong impetus to a North Atlantic economic renaissance, push the frontiers of liberalization and rule making, and ultimately enhance the world trading system and global stability. Any eventual agreement to promote freer trade, in Canada's view, should encompass the totality of the transatlantic community and concentrate on areas not yet covered by the new WTO. It should also be fully compatible with the WTO and remain fundamentally open.

• The Government will pursue, as appropriate, bilateral trade and investment liberalization initiatives. Canadian and Israeli negotiators, for example, recently reached a tentative agreement on a proposed free trade agreement between the two countries. If approved by both governments, the agreement will ensure that Canada has access to the Israeli market on terms equivalent to those of the United States and the European Union, which already have free trade arrangements with Israel.

International Business Development Priorities

International Business Promotion

The Government of Canada is meeting the challenge of rapid global change by developing new strategies in support of international business development. Building on extensive consultations with the private sector, the Government will focus available resources where they can have the greatest impact. Accordingly, international business development efforts will be concentrated in the following areas:

– building strong Team Canada partnerships to derive maximum benefit from available resources and to eliminate unnecessary overlap and duplication;

– encouraging more Canadian firms, and particularly SMEs, to become active exporters; and

– diversifying Canadian trade, technology and investment relations to help Canadians capitalize on opportunities around the globe.

Building Team Canada Partnerships

The federal government will move forward with a number of Team Canada initiatives originally announced in October 1995.

• *Canada's International Business Strategy*

As noted in the introduction, *Canada's International Business Strategy* is central to the Team Canada approach. CIBS will be strengthened to encourage greater industry participation in the setting of government priorities. CIBS

industry sector strategies will also play a direct role in allocating government resources — ensuring that government strategies and initiatives reflect the real needs of Canadian industry.

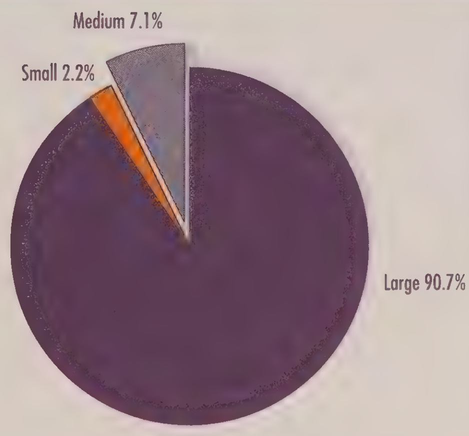
- *Team Canada Agreements*

To date, formal federal-provincial Team Canada agreements have been signed with Ontario, Alberta, Saskatchewan and Manitoba. Letters of agreement have been signed with British Columbia, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Negotiations with the Northwest Territories and the Yukon are also under way. These agreements focus on ways to eliminate overlap and duplication among service providers while ensuring better service for clients. The ultimate aim is to provide end users with "seamless delivery" of all government international business-related programs and services.

- *National Sector Teams*

National Sector Teams (NSTs) are being established to strengthen links among all public and private stakeholders within a given industry sector. These teams pool expertise from the federal and provincial governments, industry associations and private sector companies to provide a co-operative approach to international business challenges. Apart from international trade development issues, they will focus on technology, investment and other issues that reflect industry's international business priorities.

Figure 3
Export Participation Rate
Canada, by Firm Size, 1992



Size defined by value of goods/services exported:
Small = < $500 000;
Medium = $500 000 to $5 million;
Large = over $5 million

Source: Estimates prepared by Entrepreneurship and Small Business Office, Industry Canada, based on data provided by Statistics Canada.

Sector teams will play a lead role in developing the individual industry sector strategies that make up CIBS. They will also play an important role in identifying high-growth sectors for enhanced service domestically and abroad, and in matching Canadian firms with foreign market opportunities. A total of some 23 sector teams are expected to be established in the coming months.

- *Regional Trade Networks*

Business has repeatedly told government that it needs effective, efficient service from all levels of government to take advantage of rapidly changing global opportunities. Strong partnerships, or Regional Trade Networks, are being established among federal and provincial departments and agencies in every province of Canada.

Combining the resources of all partners will provide companies with quick access to the products and services of particular interest to them. To this end, Regional Trade Networks will provide a range of government information, counselling and financial services relevant to enhancing the export capabilities of SMEs.

- *Mechanisms for Active Industry Consultation and Participation*

Government will continue to expand industry involvement in setting international business development priorities. This will be achieved, primarily, through direct and active industry involvement in the new National Sector Teams. Opportunities to enhance the effectiveness of the existing International Trade Advisory Committee (ITAC) and Sectoral Advisory Groups on International Trade (SAGIT), both of which include senior representatives of the private sector, will also be explored.

- *Deputy Ministerial Committee on International Business Development*

A new Deputy Ministerial Committee on international business development has been established to bring strong strategic management to the whole range of government international business development initiatives and to provide a forum to review and establish priorities on an ongoing basis. The Committee is made up of the deputy ministers of all federal departments (or presidents, in the case of government agencies)

active in international business development and will be co-chaired by the Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada (IC).

Increasing International Business Participation

Canada may be a trading nation, but it is not a nation of traders. Relatively few Canadian firms are actually engaged in export activity. In fact, only about 10 000 firms account for 98.4 percent of Canadian merchandise exports, with half of total exports coming from less than 100 firms. The need to encourage more SMEs to export is particularly critical since smaller firms are responsible for creating the vast majority of new jobs. To encourage more companies to become involved in international business, the Government will actively support the following initiatives:

- *Target Small and Medium-sized Enterprises*

Various government departments and agencies offer international business programs and services aimed at smaller companies. Unfortunately, in the past, the criteria governing these programs and services were often inconsistent. To remedy this situation, and to respond to private-sector recommendations that governments focus their financial support on smaller enterprises, consistent guidelines and criteria for accessing this support are being adopted.

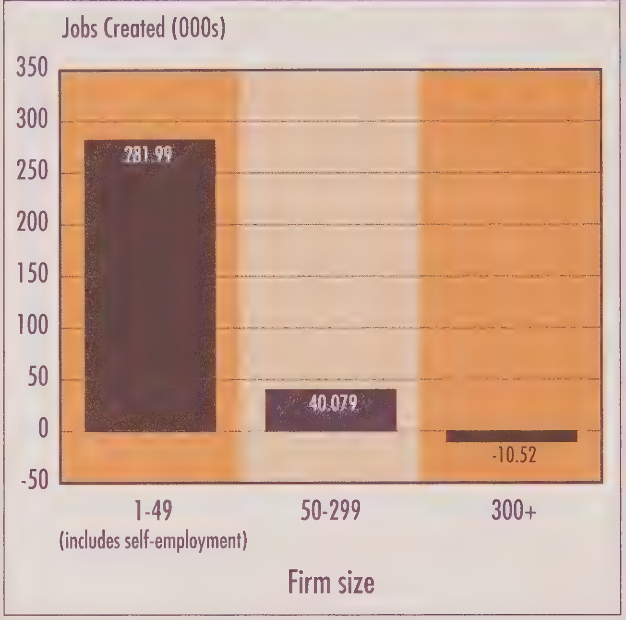
Under the new Common Program Guidelines, direct financial support for international business development abroad will be focussed on firms with sales of less than $10 million, or fewer than 100 employees (50 employees for services firms). For smaller firms, the federal government will share the costs of participating in government-sponsored trade fairs, depending on the company's previous trade fair experience.

The new guidelines will allow companies to quickly determine their eligibility for support under all international business development programs.

- *Identify Export-ready Companies*

Under the aegis of the new Regional Trade Networks, federal, provincial and private organizations at the regional/local level will work to identify export-capable firms and help them respond to sourcing requests. Canada Business Service Centres (which have been established in all provinces) will also play a leading role in providing potential exporters with "one-stop" access to the information they need to begin the process of becoming export-ready.

Figure 4
Job Creation by Firm Size
Canada, 1994-1995



Source: Statistics Canada, change between 2nd quarter 1994 and 2nd quarter 1995.

- *Provide Timely, Opportunity-specific Market Intelligence*

The Government will focus resources on acquiring value-added information and disseminating it to clients in the most accessible manner possible. To this end, DFAIT and IC are developing an information dissemination framework that will make it easy for companies to access a comprehensive range of international business information.

A new International Business Opportunities Centre (IBOC) has also been established to match business leads identified by trade commissioners abroad with capable Canadian firms, particularly SMEs.

- *Improve Financing for Exporters, particularly New-to-Export SMEs*

To better meet the divergent needs of Canadian exporters, EDC (Export Development Corporation) has recently restructured its organizational and business processes. The key changes involve the formation of eight sector-based business teams to provide more streamlined service to customers, provided by employees who have a thorough

knowledge of the exporter's business sector. One of these teams — the Emerging Exporter Team — is responsible for maximizing support to firms with annual export sales of less than $1 million.

EDC has also increased financing options for firms with annual export sales of less than $10 million. The Smaller Exporters Guarantee Framework increases available sources of export financing support by providing partial guarantees to participating Canadian banks. Another new program, the Master Accounts Receivable Guarantee Program, will make it easier for smaller firms to access operating lines of credit on the strength of their foreign receivables.

The Canadian Commercial Corporation's (CCC) new Progress Payments Program — a joint initiative of the Corporation and Canada's financial institutions — will provide greater access to pre-shipment financing for export sales by SMEs. Under the Program, CCC will assess the capabilities of an exporter as well as the risks of a proposed sale. If the sale is endorsed, participating banks will be authorized to provide funds beyond a firm's normal line of credit as progress payments for work completed against the contract. CCC has also launched new automated sourcing systems to identify U.S. federal, United Nations (UN), and certain international business opportunities and match these to the capabilities of registered Canadian companies.

Recent changes to the mandate of the Business Development Bank of Canada will allow it to better serve the financial and management needs of SMEs. The Bank will offer a range of innovative products and services, particularly for emerging and knowledge-based firms, while maintaining its traditional client base.

In addition to helping small businesses financially, the Bank has developed new ways to help SMEs develop their skills and access new markets.

- *Improve Canadian Participation in International Financial Institution Procurement*

Annual loans by international financial institutions (IFIs) to developing countries average about US$40 billion. Last year, the World Bank alone disbursed over US$15 billion. More than half of these loans were for goods and services provided by suppliers outside of the borrowing country, providing excellent potential opportunities for Canadian exporters. Unfortunately, Canada's success rate in bidding for IFI-related business has been mixed.

To help more Canadian companies win capital projects financed by IFIs, the Government has developed a strategy to double Canada's IFI procurement by the year 2000. The cornerstone of the strategy is the creation of a Capital Projects Action Team to improve co-ordination of government efforts to assist exporters in procuring IFI contracts. The team will allow the federal government to focus a major part of Canadian financial and marketing assistance on priority industry sectors and countries. It will also play an important role in improving the dissemination of IFI project-related market intelligence and information to firms across the country.

- *Target Exporters of Business Services*

As part of its strategy to increase services exports, the Government will continue its successful outreach program to encourage services industry associations to engage more actively in export promotion. A number of tools and training programs have already been developed for associations and their members. Assistance is also available to associations interested in setting up export committees or awards programs to promote their members in new markets. Other new initiatives will be launched, such as an electronic exporters kit for services sector firms, describing all facets of exporting services. Several country-specific guides are also included.

Diversifying International Business Markets

While exports of goods and services account for more than a third of Canada's GDP, most are bound for a single market — the United States. To build on Canada's success in the U.S. market, and broaden its trade, technology and investment relations with other fast-growing priority markets (e.g. Latin America, Asia-Pacific), the Government proposes to undertake the following initiatives:

- *Focus Resources on High-growth Markets and Sectors*

While maintaining the capability to identify and respond to opportunities in all markets and industry sectors, to the extent resources allow, the Government will focus its international business development efforts more strategically.

In response to recommendations from the private sector, resources will be focussed on key markets and sectors that offer exceptionally promising export and investment opportunities. To this end, the Government proposes to establish a limited number of priority markets/sectors, drawing on three essential criteria:

– the level of private-sector commitment;

– evidence of strong sector/market performance and potential; and

– the ability of government action to significantly influence Canadian business activity in the sector/market in question.

In addition, a number of Country Action Plans will be developed with the private sector to marshall the full range of government policies and programs to achieve strategic economic goals in designated countries. A new strategy targeting India (Focus India) — building on the successful approach taken in the Action Plan for Japan — was released in June 1995.

- *Identify Barriers to Canadian Goods and Services*

Government officers in the field will make a concerted effort to identify specific market barriers to the export of Canadian goods and services — including barriers that may arise in the context of other issues (e.g. environment, product standards, culture, intellectual property). The elimination of these barriers will be pursued as part of the Government's broader trade policy agenda.

- *Play a Stronger Advocacy Role on behalf of Canadian Business*

In response to the aggressive techniques often used by competitor nations to win contracts abroad, government ministers, Canadian heads of missions, Canadian foreign service officers, and Canadian private-sector decision makers will play a more aggressive role in asserting the interests of Canadian firms that are seeking business abroad. To this end, a dedicated unit to co-ordinate government advocacy for major overseas projects is being created. This unit will help ensure that Canadian companies that are pursuing major export projects abroad receive the high-level government support they need to compete successfully.

Investment Development

Attracting international business investment to Canada is an important element in the Government's efforts to support wealth and job creation in Canada. Investment is a critical factor linking Canada and Canadian companies to an increasingly globalized world economy. Foreign direct investment and Canadian direct investment abroad enhance Canada's global competitiveness by securing capital, jobs, technologies, and market access for Canadians.

Government will therefore continue its efforts to attract foreign direct investment to Canada and to facilitate the growth of Canadian-based, globally competitive companies.

Investment Attraction/Retention

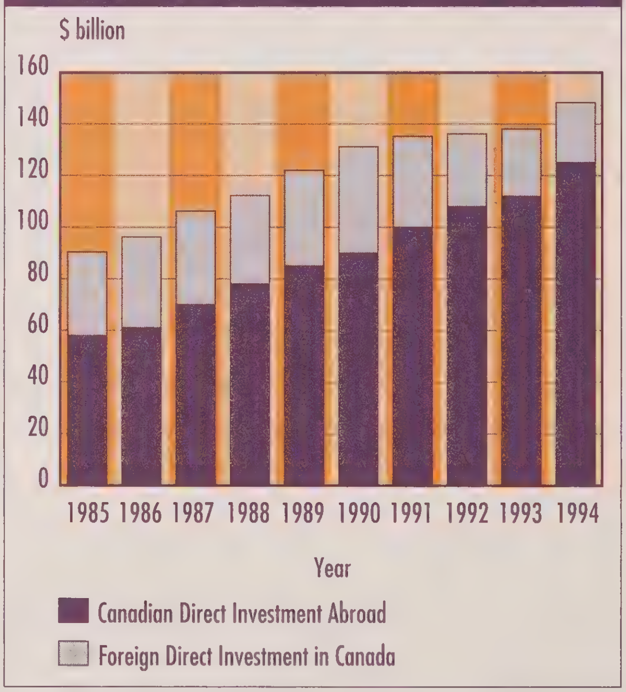
In response to strong global competition for investment, the Government has developed clear priorities and targeted, focussed programs. In pursuing these initiatives, it will seek opportunities to enhance co-operation with provincial governments and support the investment attraction goals of local/regional economic development organizations.

Investment attraction programs will focus on the following four priorities:

- *Attracting New Investment from Multinational Enterprises*

Government will continue its campaign to attract new investment from multinational enterprises (MNEs), which have been the major force behind the unprecedented growth of foreign direct investment in the last decade. The UN estimates that the world's largest 100 MNEs (outside the banking and finance sectors) account for approxi-

Figure 5
Inward and Outward Investment
Canada, 1985-1994



Source: Statistics Canada Cat. 67-202,1994.

mately one third of the combined outward investment of their home countries, while each job in an MNE generates at least one additional job in a host economy through backward linkages. The Government will focus efforts on MNEs that can develop strong links with Canadian SME suppliers, bring capital and technologies to Canada, serve North American and global markets from Canada, and act as catalysts for technology diffusion within the country.

Efforts to support this priority include:

– ongoing meetings with key corporate investors designed to communicate tailored investment cases to decision makers in foreign firms, and to influence their decisions in favour of Canada; and

– promotion of specific investment opportunities in Canadian priority sectors that offer investors a critical mass of specialized capability, skilled labour, R&D strengths, and supply capacity.

- *Encouraging Investment Retention and Expansion*

Reinvested earnings by foreign subsidiaries account for a significant proportion of foreign investment in Canada — over 50 percent in recent years. Many MNEs have had to reorganize and rationalize their operations in order to seek new ways of gaining international competitive advantages. Subsidiaries, in turn, have had to seek out niches and mandates in their host markets as they compete with each other within parent MNEs. Government, in partnership with industry, will therefore work with foreign subsidiaries in Canada to develop custom business cases in order to retain existing operations and attract new manufacturing and R&D mandates.

- *Providing Investment Information to International Investors*

Each year, Canada responds to thousands of inquiries from potential investors. The Government will continue to develop new methods to increase the quality, timeliness and impact of these responses. The primary objective is to convert promising inquiries into investment decisions that favour Canada.

- *Marketing the Canadian Part of the NAFTA Region*

Government will continue to complement company-specific investment development efforts with a broad marketing campaign designed to promote the advantages of the Canadian part of the NAFTA region as an investment site. Specific efforts will promote awareness of Canada's comparative advantages (especially in the context of the NAFTA), Canada's R&D strengths and incentives, and Canadian technological capabilities. To this end, a variety of marketing tools and techniques will be used.

Outward Investment

Faced with escalating competitive pressures, companies of all sizes are increasingly looking to international alliances and investment opportunities to expand their reach. International alliances are an important avenue by which Canadian companies can gain vital access to new technologies, markets, capital and skills. Such partnerships are particularly important for technology-based SMEs, which must increasingly look to foreign markets early on to maximize their opportunities for growth and profitability.

Government will continue to promote the growth of Canadian-based, globally competitive companies by working to introduce technology-based SMEs to international investment partners and opportunities. Key elements of this program include:

– marketing Canadian SME capabilities and investment partnering interests to foreign firms. Companies will be profiled in sector kits, and their investment partnering interests promoted abroad through group discussions and private meetings; and

– managing an international financing project to assist SMEs in attracting growth capital and strategic support from international private equity financiers. This project will help SMEs pursue technology development and commercialization, and international expansion.

Science and Technology

As the globalization of business proceeds, the importance of S&T to the competitiveness of firms, and Canada's broader economic and social well-being, grows. Canadian companies benefit both from ready access to worldwide scientific and technological knowledge and world-class process and product technology. Participating in various international S&T-based initiatives (e.g. R&D, standards setting) also encourages firms to innovate, thereby contributing to wealth creation and, more generally, enhancing Canada's quality of life.

A recent review of Government science and technology policy focussed on the themes of advancement of knowledge, quality of life, and sustainable wealth and job creation. An important

element of this review process, the National Advisory Board on Science and Technology (NABST) Report, *Healthy, Wealthy and Wise*, and the Government's response to the report, underlined the inherent international nature of Canada's S&T interests and endeavours.

The Government's main S&T objective, within an international business context, is to support and enhance the international performance of Canadian SMEs. To better serve Canadian firms, federal departments and agencies will be encouraged to develop strategies to promote S&T collaboration, and to gather and disseminate international S&T intelligence more effectively.

Government's priorities in this area include:

- *Improving Technology Intelligence, Acquisition and Dissemination*

Firms must be agile and responsive to rapidly changing client needs, market conditions, standards, regulations and technological trends in order to preserve and expand their domestic and export market shares. Canada's network of science and technology counsellors, technology development officers and commercial officers will therefore more specifically focus on responding to the needs of Canadian firms — by improving the dissemination of technology intelligence to firms; helping companies identify and exploit emerging technology and business opportunities; and alerting firms to impending business threats.

- *Acquiring Best-practice Technologies*

Firms need external benchmarks against which they can compare their own processes and operations, and assess their unique efficiencies and capabilities. Such information is essential to developing a strategic plan for long-term growth. Government departments and agencies will therefore work together in helping firms to identify best-practice technologies that can help them compete successfully.

- *Encouraging Foreign Technology Acquisition*

While Canadian scientists and engineers have pioneered many significant world-class innovations, only a small portion of scientific knowledge and technologies in use in the world today can be directly attributed to Canadian R&D efforts. In fact, it is often more economical and efficient for Canadian firms to acquire technology from abroad. Government will therefore improve its capacity to work with smaller firms to help them identify, assess and acquire technologies that can further their business interests.

- *Expanding the Canadian Technology Network*

The Canadian Technology Network is being established to provide Canadian SMEs with quick, easy access to a broad array of services that will address their technology concerns. As of early 1996, over 300 Canadian member organizations were involved, each of which can help client firms in specific technical or related business areas. Development of an international component of the Network will allow members and clients to tap worldwide sources of technologies and business information.

- *Setting Industrial Standards*

Canada's participation in international standards-setting initiatives is being rationalized in order to: improve dissemination of advanced information to Canadian firms; provide companies with better opportunities to influence developing international standards; and facilitate international accreditation of Canadian products.

- *Expanding Science and Technology Awareness*

Science and technology awareness plays a significant role in the export performance of many SMEs. Foreign perceptions of Canada's S&T capabilities also affect the flow of investments from abroad. The Government and its private-sector partners will address this twofold challenge by promoting S&T at home and abroad in all appropriate forums.

- *Encouraging International Research and Development*

Government will continue to develop international arrangements that allow Canadian private- and public-sector institutions to participate in international R&D programs. A recent example is the Canada-European Community Agreement for Scientific and Technological Co-operation. The Agreement facilitates the participation of Canadian firms, universities and research institutes in European R&D consortia established under the European Union Program on Research and Technological Development.

Government, on a selective basis, will continue to support co-operative initiatives with various countries. Current priorities include expanding industrial R&D co-operation with Germany, seeking co-operation in strategic sectors with Japan, and furthering the private-sector Canada-Israel Industrial R&D Foundation.

United States

Introduction

The continuing growth of the United States economy ensures that it will remain by far the most important export market in the world for Canadian goods and services.

The U.S. is Canada's largest market, absorbing 82 percent of total merchandise exports. In 1994, Canadian merchandise exports to the U.S. were $178 billion, a 22.8-percent increase over 1993, representing the most important international factor sustaining economic growth and job creation in Canada. At the same time, Canada's exports of services rose to $17.8 billion. Merchandise imports from the U.S. grew 20.5 percent, to $151 billion. Trade in goods and services between the two countries supports more than 1.5 million jobs in Canada and directly generates 25 percent of Canada's gross domestic product (GDP). In 1994, the $33-billion growth in Canadian merchandise exports to the U.S. was only $7 billion less than total merchandise exports to the rest of the world. In 1994, Ontario, Quebec and Alberta each exported more to the U.S. than all of Canada exported to Japan, Germany, the United Kingdom and China combined.

U.S. total direct investment of $96 billion in Canada accounts for the largest share (65 percent) of total foreign direct investment in Canada, which reached $148 billion at the end of 1994. Similarly, Canadian total direct investment of $67 billion in the U.S. represented the largest share (53 percent) of the $125-billion total Canadian direct investment abroad at the end of 1994.

Finally, the U.S. continues to be the most important market for the Canadian tourism industry. In 1994, 34.8 million U.S. citizens visited Canada, an increase of 6.9 percent over 1993 and generating total revenues of $5.7 billion, 12.8 percent more than in 1993. This increase in tourism activity has contributed to reducing Canada's travel trade deficit with the U.S. by some $1.7 billion, from $5.75 billion in 1993 to $4.09 billion in 1994.

Business Environment

The U.S. market has changed considerably in recent years due to the steady emergence of new technologies and the rationalization of the economy stemming from the early 1990s recession, as well as the implementation of the Canada-U.S. Free Trade Agreement (FTA), the North American Free Trade Agreement (NAFTA), and the establishment of the World Trade Organization (WTO). While the United States remains a major destination for traditional manufactured products, an increasing number of Canadian suppliers of knowledge-based goods and services look to the U.S. market to ensure growth.

Canada's extensive trade relationship with the U.S. has been consolidated and strengthened with the implementation of the FTA, the NAFTA and the introduction of the WTO in January 1995. The market liberalization brought about by these agreements, combined with a continued favourable exchange rate, provide many new opportunities for Canadian firms, especially small and medium-sized enterprises (SMEs).

The FTA tariff reductions continuing under the NAFTA should further improve access to the U.S. market for Canadian suppliers of natural resources as well as manufactured and consumer products. Most tariffs will be eliminated by January 1998.

The NAFTA has strengthened the substantial liberalization achieved under the FTA regarding a number of strategic, high-technology, high value-added industries such as environment, services, information technologies, medical and health-care products and services, and biotechnology. The NAFTA will expand the U.S. market for Canadian contractors, suppliers and services companies. In particular, access by Canadian firms to U.S. federal government contracts has improved. Canadian construction firms and suppliers of Canadian building materials now can bid on major U.S. construction contracts. Important opportunities exist for Canadian firms in the environmental sector, including clean-up work related to U.S. government defense and energy sites and facilities. Canadian services companies now have improved access to both public and private services markets in the United States.

The FTA and the NAFTA have enhanced the already high degree of integration between the two economies. The value of two-way trade of merchandise and services and investment income rose 19 percent, to $402 billion in 1994. Since the implementation of the FTA in 1989, there has been an overall increase of more than 62 percent in bilateral two-way trade, including merchandise, services and investment income.

Priority Sectors

To capitalize on this improved environment for business, the Department of Foreign Affairs and International Trade's (DFAIT) United States Business Development Program is being repositioned, emphasizing an integrated approach to trade, services, and investment development. The program gives priority to knowledge-based and value-added activities, including generating and disseminating market information and intelligence through electronic means, promoting strategic alliances and technology inflow, and increasing the export-readiness of SMEs. The program focusses on the following six priority sectors: computing technologies (hardware and software); environment; services; biotechnology; telecommunications; and cultural industries.

Computing Technologies (Hardware and Software)

It is estimated that the United States market for computer hardware, software and services will reach over $250 billion in 1996, representing approximately 47 percent of the world market. The PC/workstation segment continues to fuel growth in the sector as mainframe and mini-computer markets shrink. More powerful processors (Intel is expected to introduce the next generation 133MHz P6 shortly) and 32-bit operating systems such as Windows 95 and OS/2 Warp, will spur the development of faster, more capable applications. Voice technology is likely to be in great demand and the U.S. market will continue to look for the newest and best leading-edge products in all market segments and sectors.

Environment

The United States environmental market presents tremendous opportunities for Canadian firms. The technology and expertise commanded by Canadian firms make them uniquely positioned to meet this demand. The level of commitment and spending by companies and federal and state governments are still closely linked. The process is largely driven by regulation, although Congress and the Environmental Protection Agency (EPA) are talking about the need to "reinvent" environmental legislation. Accountability for the environment will be handed down to the states and industry itself. Furthermore, the NAFTA has introduced new opportunities for Canadian firms to bid on U.S. federal contracts for environmental clean-up programs.

The estimated value of Canadian exports to the U.S. environmental sector is $1 billion. Current estimates for the environmental products/services industry in the U.S. indicate a market exceeding US$135 billion. With a projected annual growth rate of some 4 percent a year, the U.S. environment market is expected to reach US$171 billion by the end of the decade. The Canadian market share could increase by 20 percent over the next two years. The highest growth potential is in technology, equipment and services applied to integrated waste management, energy and air pollution control.

The United States market offers unique opportunities for Canadian environmental technology firms seeking investment and technology partnerships. As the environment industry matures south of the border, its firms will tend to seek specialized partners to complement or complete organizational/project requirements. Canadian firms with niche products, services and/or technologies will be in a position to expand into the world's largest environmental market.

Of equal importance, investment partnerships offer Canadian firms specific competitive advantages, including access to growth capital, technology exchange, product development and management know-how.

Services

Implementation of the FTA and the NAFTA has opened major new opportunities for Canadian services firms in U.S. commercial and federal government markets. As well, the business and professional services market continues to be very strong. Canadian firms are successfully selling their services in this highly competitive market due to innovative approaches, the ability to move quickly and exploit niche markets, an excellent reputation, their international experience and favourable exchange rates. In 1994, the export of services to the U.S. rose to $17.8 billion, with imports at $25 billion.

Business and professional services are second after motor vehicles in terms of Canadian worldwide exports, and they represent the largest component of non-merchandise bilateral trade with the United States. An estimated 60 percent of total Canadian services exports are destined to the U.S. market. With the continuing trend toward a more services-oriented society in North America, the services sector is expected to remain a major growth area in both Canada and the United States. Subsectors in the U.S. with particular export opportunities for Canadian services suppliers

include: consulting engineering; construction; environment; geomatics; information technologies; transportation; architecture/interior design; accounting; commercial education and training; financial, health-care and management consulting.

Biotechnology

The U.S. biotechnology industry is made up of approximately 1300 companies (mostly small), employing 100 000 people. About 35 percent of these companies are involved in therapeutic products, 28 percent in diagnostics, 18 percent in biotechnology byproducts and supplies, 8 percent in agricultural biotechnology, and 11 percent in other fields of biotechnology. In 1994, the United States biotechnology industry had US$8 billion in sales, an increase of 10 percent over the previous year.

U.S. biotechnology companies are open to exploring mutually beneficial collaborative research projects with foreign partners as a means of fostering growth. This willingness opens numerous new opportunities for Canadian firms to enter into strategic alliances and partnering ventures with U.S. firms to acquire much-needed capital, develop their technologies, and facilitate access to the huge U.S. market. In 1995, Canadian biotechnology companies registered more than $75 million in successful strategic alliances with U.S. firms.

Venture capital is returning to the North American biotechnology sector, as companies show profits and improved return on investment. In 1992 (the last year for which figures are available), 22 percent of the activity of venture capital firms was related to biotechnology. Canadian companies have the opportunity to capture some of this investment. As well, the consolidation and restructuring of the industry, leading to the co-operation of biotechnology and pharmaceutical companies in research and development (R&D), trials and marketing, will produce opportunities for Canadian companies in contract research and manufacturing.

Telecommunications

United States telecommunications imports increased to an estimated $26 billion in 1995. In spite of the fact that a large proportion of these imports are products which Canada does not produce (e.g. facsimile machines), Canadian industry has nonetheless captured more than 10 percent of the import market. The United States is the primary export market for Canadian telecommunications companies. In fact, the vast majority of Canadian manufacturers in the sector export some of their production to the United States.

The United States will continue to offer numerous export opportunities for Canadian firms. For example, the trend toward the deployment of fibre optic cable at the local level will generate growth in both fibre optic equipment and new network equipment. The development of wireless personal communications services will increase demand for radio base-station equipment, satellite antenna systems, and new wireless customer premises equipment. Canadian companies have developed strength in the growing field of computer-telephone integration. Strong growth continues at the grass-roots level, with expansion of Internet use, cable TV subscribers increasing at 2 million per year, and cellular telephone subscribers growing at 8 million per year.

Cultural Industries

The United States arts and cultural industry is a dynamic and complex area of economic activity. It encompasses industries in film and video, sound recording, publishing, performing arts and visual arts. The sector represents a very lucrative market for Canadian entertainment industries. Most successful among these are the publishing industry, which in 1994 sold rights and finished products worth $120 million, and the motion picture industry, which gained $132 million from U.S. film and TV productions shot in Canada. There is also tremendous opportunity for the Canadian sound recording and performing arts industry as well as the visual arts sector.

The United States market is a natural extension of the Canadian domestic market. Canadian industries clearly have an edge over other countries in making deals in the United States. Proximity, as well as shared culture, are other reasons to forge strong business relationships with U.S. partners. Throughout all parts of the industry, the fact that Canada is different from the United States creates excellent opportunities for the Canadian entertainment industry for years to come. In Canada's *Foreign Policy Review*, published last year, the Government recognized the importance of projecting Canadian values and culture to foster Canada's presence in the world. This will have a positive impact on the growth of exports of Canadian cultural products and services.

Other Sectors and Areas

The United States remains an important market for more traditional and mature natural resources, manufactured products and consumer goods. A number of business development initiatives such

as key trade shows and incoming and outgoing missions will be undertaken to help maintain the presence of Canadian industries in the market.

Small and Medium-sized Enterprises

Most SMEs gain initial international experience by entering the U.S. market. An overriding objective of DFAIT's United States Business Development Program is to continue to increase the participation of SMEs in a wide range of promotional activities. A key element in achieving this objective is the New Exporters to Border States (NEBS) Program, which caters exclusively to SMEs. The program provides not only practical information on the intricacies of exporting but also first-hand exposure to the U.S. marketplace. A solid introduction to the U.S. prepares new exporters to subsequently venture into wider world markets. A key objective is to bring new participants to activities funded by the U.S. Business Development Program. Over the past two years, almost 60 percent of participants were first-time exporters.

Tourism

The formation of the Canadian Tourism Commission (CTC) will present the Canadian tourism industry with additional opportunities for penetrating Canada's most important marketplace, the United States.

In 1994, Canada welcomed 34.8 million visitors from the U.S. with resulting revenue totalling $5.7 billion. To illustrate the importance of this market, the CTC has dedicated financial resources of over $19 million to the United States, with additional funding coming from partnering opportunities with the Canadian tourism industry. The U.S. Business Development Program, through its headquarters tourism personnel and missions in the United States, will provide market information and deliver a series of tourism marketing programs and activities on behalf of the CTC and other major Canadian tourism industry players.

Investment

Since 1991, foreign direct investment from the United States has recovered after several years of decline. With $5.9 billion in foreign direct investment, 1994 marked the best year since 1984. This compares with investment in Canada from countries other than the U.S. of $3.3 billion.

Canada faces significant competition in the NAFTA market, as U.S. and Mexican jurisdictions conduct aggressive campaigns to attract international investors. The U.S. poses the greatest challenge, as it is typically the first point of comparison for foreign companies considering investing in North America. The challenge is intensified by the increasing willingness of many jurisdictions, especially those in the United States, to offer an expanding variety of investment incentives.

The Investment Development Program will continue to emphasize the promotion of strategic alliances as a means of expanding Canadian firms' export outreach. Additionally, joint R&D activities, research subcontracting and the commercialization of new technologies will be encouraged to foster alliances between centres of excellence on both sides of the border.

Through a more systematic approach and greater co-ordination of the investment component of the Corporate Liaison Program directed at senior U.S. executives, the federal government will attempt to influence the investment decision-making process in favour of Canada.

Priority will be given to fostering a Team Canada approach with provincial and local economic development organizations to support efforts regarding corporate after-care and the retention and expansion of foreign affiliates established in Canada.

Added emphasis will also be given to the Investment Intermediary Program. The annual cost comparative survey of the most attractive Canadian and U.S. business locations and direct contact with U.S. site locators will be prime promotional tools used to enhance Canada's image as an investment location. Similarly, the development of an effective promotion program with venture capitalists and other financial intermediaries will assist Canada's technology-based SMEs in attracting growth capital and strategic support to sustain their development, commercialization and international expansion.

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EUROPE[1]

Western Europe

Introduction

With 360 million consumers, Western Europe is the world's leading importer of goods and services, accounting for some 46 percent of world merchandise imports and 52 percent of world services imports. With the United States, it is one of the largest, richest and most sophisticated markets in the world. Western Europe is the world's leading investor, a pacesetter in scientific research and development (R&D), and Canada's most important commercial partner after the United States. Canadian exports to this region are characterized by a large percentage of high value-added goods and a large volume of business services. Seven out of Canada's top twelve merchandise export markets are within Western Europe. A market with significant potential for growth, it is also an essential market for Canadian small and medium-sized enterprises (SMEs).

In 1994, the value of Canada's merchandise exports to Western Europe totalled $13.9 billion. While there has been a decline since 1988 in exports of certain categories of food, inedible raw materials, and fabricated products, there has been a steady increase in exports of high value-added manufactured or end products.

Western Europe is also Canada's second-largest market for business services after the United States. Between 1988 and 1992, exports of such services grew at an average annual rate of 4.5 percent. Over half of Canada's 13 major services export markets are within Western Europe.

Western Europe is Canada's second-largest foreign direct investor and the second-largest destination for Canadian investment abroad. Canadian direct investment in Western Europe grew by 333 percent ($21 billion) between 1984 and 1994 to more than $27 billion, while European direct investment in Canada increased by 134 percent ($22 billion) to $39 billion during the same period. Of Canada's ten largest foreign direct investors, six are from Western Europe.

Western Europe is a world leader in science and technology, and a key source for technology partnerships. Europe collectively accounts for about one third of the world's science and technology R&D expenditures. More than 300 co-operative scientific projects are under way between Canadian and European public-funded laboratories. Furthermore, Canada and the European Union (EU) recently signed an Agreement on Co-operation in Science and Technology, which will allow Canadian companies, universities and research institutes to join with European partners to submit proposals for research and technological development (RTD) projects under the European Commission's 1994 to 1998 Fourth Framework RTD Program.

With an average growth of 3.1 percent in tourist traffic over the last five years, more than 2 million Europeans made overnight visits to Canada and spent an estimated $1.8 billion, representing about 20 percent of Canada's international tourism receipts. Canada's primary markets (United Kingdom, France and Germany) accounted for 70 percent of overnight visitors, while its secondary markets (Switzerland, Italy and the Netherlands) accounted for another 15 percent.

Business Environment

Western Europe, like North America, is gradually coming out of a recession. Four of the G-7 countries (United Kingdom, Germany, France and Italy) are located in Western Europe. According to the Organization for Economic Co-operation and Development's (OECD) gross domestic product (GDP) projections, all four economies are expected to grow between 2 percent and 3 percent in 1996. Although this growth may be smaller than that of some other markets, it represents significant additional potential for Canadian exporters because of the sheer size of these economies. For example, a 2.5-percent increase applied to the German GDP of $2.5 trillion represents $62.5 billion.

Western Europe's stable and democratic governments, market economies, high per-capita incomes, and rules-based trading systems will

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[1] As of September 1, 1995, the Department of Foreign Affairs and International Trade's (DFAIT) Europe Branch was restructured to eliminate the imaginary lines between Western, Central and Eastern Europe. This document was prepared prior to the reorganization and reflects the traditional distinction between the three regions. However, the European Markets section distinguishes between the new divisions of Western, Central, Northern, Southern and Eastern Europe. Next year's strategy will reflect the changes resulting from the departmental reorganization.

continue to mean lower-risk markets to potential Canadian exporters and investors, particularly SMEs. This has been further enhanced with the establishment of the World Trade Organization (WTO) in January 1995.

The consolidation of the single market and the upcoming expansion of the EU also present great challenges to Canada: tougher competition; non-tariff barriers; and competition for foreign investment. On the other hand, the single market will promote growth and stimulate demand for imports, creating greater opportunities for Canadian business.

Market Opportunities

Programs

Western Europe offers major market opportunities for Canadian exporters and service providers. Through extensive activities, including fairs and missions, investment promotions, the Technology Inflow Program (TIP), science and technology exchanges, the New Exporters to Overseas (NEXOS) Program, mission-initiated activities, and the Tourism Promotion Program, it is expected that more companies will recognize this potential.

Fairs and Missions: Europe is home not only to national trade fairs, but also Pan-European and international trade fairs, among the largest and most comprehensive fairs in the world.

Investment, Science and Technology Programs: Over the years, investment activities have intensified. Leading Western European companies have come to realize that although exports still provide a basis for market penetration, investment, and more recently, strategic alliances, are increasingly required to build and protect foreign-market shares and competitive advantage.

The Western Europe investment and science and technology programs' strategies are designed to promote Canada as an outstanding investment destination; foster strategic alliances between Canadian and Western European companies in selected high-technology, value-added sectors such as wastewater, geomatics, software, hazardous waste, etc.; promote technology acquisitions and transfers between Canadian and Western European companies; and foster R&D projects between Canadian and Western European entities.

NEXOS Program: The NEXOS Program was previously available only to new exporters to Western Europe. In 1995, this educational program, aimed at SMEs, was opened up to all overseas markets, but eligibility criteria will be strengthened, and the share of costs borne by participants will be increased.

Tourism Promotion Program: With the creation of the new Canadian Tourism Commission in 1994, tourism promotional funds increased for Western Europe to approximately $9 million in 1995. The marketing strategy in Europe will focus on primary markets (United Kingdom, France and Germany), secondary markets (Switzerland, Italy and the Netherlands) and developing markets (Austria, Belgium and Spain).

Central Europe

Introduction

The territory of Central Europe includes the Czech Republic, Poland, Slovakia, Romania, Moldova, Hungary, Slovenia, Croatia, Albania, Bulgaria, Bosnia-Herzogovina, the former Yugoslav Republic of Macedonia and Yugoslavia/Serbia, and Montenegro. The region has a population of approximately 120 million people. Canadian exports were $208 million in 1994 compared to $214 million in 1993. First-quarter results for 1995 indicate that Canadian export growth is above 1993 levels. Priority countries in the region are Poland (38 million people), the Czech Republic (10 million) and Hungary (10 million).

Main Challenges

The main challenges facing Canadian businesses in Central Europe include:

- the transition from former command economies to new market economies, some more advanced than others, with rapidly evolving privatization programs;
- progress in resolving bilateral financing for some countries in the region (Canadian lines of credit have become available to many countries);
- dealing with non-convertible currencies;
- the revival of relationships between regional economies and the EU (Czech Republic, Poland, Hungary, Slovakia, Romania and Bulgaria now have association agreements with the EU);

- protectionist trade policies to protect local industries; and
- high tax rates and an entrenched bureaucracy.

Sectors of Opportunity

The most promising export sectors in the region include agri-food; informatics and telecommunications; environment; transportation; construction; oil and gas; power and energy; chemical- and metallurgy-related industries; and wood processing.

Many opportunities exist for investment and technology acquisition in chemical- and metallurgy-related industries, the food industry, the textile and garment manufacturing fields, leather and footwear.

Renaissance Eastern Europe

Canada's Technical Assistance Program for Central and Eastern Europe assigns a high priority to projects that facilitate privatization of enterprises and private-sector development in these countries. Directly related to this initiative is the Renaissance Eastern Europe (REE) Program, a cost-sharing program designed to assist Canadian business in developing joint ventures, partnerships and greenfield operations in the region. Since its inception in 1991, some 381 projects totalling $18 million have been funded under REE.

Business Environment

The transition from former communist-controlled command economies to new free market economies is a major challenge in the region. Certain countries are more advanced than others, and privatization programs are evolving rapidly, thereby creating opportunities for Canadian businesses and investors through projects funded by the World Bank, International Monetary Fund (IMF), European Bank for Reconstruction and Development (EBRD), greenfield activities or joint ventures.

Debt reduction has become the main goal as Central Europe adapts to free market economy operations, allowing bilateral financing arrangements to be put in place. The Czech Republic's repayment of its entire IMF debt is particularly noteworthy. Canadian lines of credit are now becoming available to assist exporters in countries that have shown the most progress. The majority of currencies are non-convertible; however, many countries in the region are moving toward making their currencies convertible in the near future.

The Central European economies are adjusting quickly to align their markets to the Western European business milieu with a long-term goal of EU membership. Concerns relate to protectionist trade policies, high tax rates and entrenched bureaucracies that still exist. Membership or affiliation with multilateral associations such as the WTO, IMF, International Bank for Reconstruction and Development (IBRD), OECD, North Atlantic Treaty Organization (NATO), and negotiations on special tariff status, double taxation agreements, and investment and insurance agreements are being actively sought by countries in the region. Hungary has been a participating member of the General Agreement on Tariffs and Trade (GATT) since 1973.

As countries in the region strive to become free market economies, the market and investment opportunities for Canadian businesses should be very positive.

Eastern Europe

Introduction

This region consists of the republics of the Commonwealth of Independent States (CIS) (Russia, Ukraine, Belarus, Moldova, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Azerbaijan and Georgia). The population of the region is approximately 285 million, and priority countries for Canada in the region are Russia (148 million people), Ukraine (51 million) and Kazakhstan (17 million).

Main Challenges

The main challenges for Canadian companies in the region include:

- renovation of old, inefficient facilities;
- lack of transparency and slow implementation of laws;
- coping with corruption practices;
- high taxes; and
- the lack of bilateral financing.

The most promising sectors of opportunity in the region include oil and gas; mining; agriculture (food processing); telecommunications; environment; and infrastructure development. Investment opportunities in these sectors are also positive.

Business Environment

The break-up of the former Soviet Union (FSU), the coming of the market economy and the change-over from central planning to free markets have resulted in a breakdown of traditional business and social structures. In spite of the difficulties, Russia, over the long term, will remain a major economic and political power in the region. Eastern Europe has over half a billion people, natural resources are immense (particularly in Russia), and there is an established industrial base. There is, at the same time, a requirement for extensive renovation of the existing industrial and resource development base, and consequently for large amounts of investment capital and expertise. There is a great deal of poverty, social dislocation and fear for the future; as a result, crime and corruption are major problems.

A key to success in the market is to control the economic and political risks of doing business. It is important to adequately prepare for approaching these markets. Market research, legal, auditing and other Western business support services are now available in Moscow and some regional capitals. However, local authorities are demanding a share of the business and asserting their decision-making, taxation and territorial ownership rights. The business person also must deal with regulators, tax officials and import/export bureaucracies. There is considerable delay in implementing new laws, as well as a lack of transparency. Nevertheless, the transition from a command economy to a new market economy has begun, with the promise of smoother business operations. Canadian businesses can look to the REE program, which helps Canadian enterprises set up joint ventures and shares costs incurred in determining the feasibility of entering the market.

EUROPEAN MARKETS

Western European Markets

France: France is one of Canada's oldest trading partners. With economic recovery well under way, this country of nearly 58 million people, with which Canada shares a common official language, represents excellent opportunities for Canadian companies. The relative strength of the franc contributes positively to the appeal of Canadian exports and of Canada as an investment market. Globally, France is the eighth-largest importer of Canadian goods and the fifth-largest source of investment capital. As a European leader in science and technology, France is an important potential partner for the Canadian R&D sector. France is also a strong market for Canadian cultural products, with significant potential for growth in film and multimedia.

Given the potential of Canada-France economic relations, current levels of trade are modest — French exports to Canada make up 0.8 percent of total exports, and French imports from Canada account for only 0.5 percent of total imports. The potential for increased trade and investment between Canada and France is great, and an improved economic climate in France signals opportunities for Canada. Some trends in Canada's exports to France are worth noting. For example, agri-food exports to France have risen steadily, finished products now make up more than 60 percent of exports (more than doubling in five years), and major sales in the aviation/aerospace sector have given a boost to Canadian successes. As well, investment trends from 1983 through 1992, show that the value of Canadian direct investment in France rose steadily from $222 million to $1.97 billion, while the value of French direct investment in Canada jumped from $1.3 billion to $4.2 billion.

Canadian capability corresponds well with opportunities in aerospace and defence; agri-food and seafood; biotechnologies; environmental technologies; forestry products; information technology; computers; multimedia; telecommunications; and tourism.

The Benelux Countries (Netherlands, Belgium and Luxembourg): With two-way trade totalling $4.1 billion and Canadian exports amounting to $2.6 billion in 1994 ($1.23 billion to the Netherlands and $1.34 billion to Belgium), the Benelux group represents a large and attractive market for Canadian exporters. An extremely important source of investment, technology and strategic alliance partners, as well as tourists, the area is also considered attractive as an entry point to EU markets, as evidenced by the approximately 150 Canadian firms established there.

More than half of Canada's merchandise exports to this region consist of fabricated materials such as wood, paper, metals, chemicals and textiles.

There are good market opportunities for finished products such as pharmaceuticals; medical equipment and supplies; telecommunications and related equipment; industrial machinery; transportation equipment; industrial instrumentation; office equipment; and a variety of consumer products, including sports and recreational goods. Other sectors of opportunity include defence; civilian security; environmental technologies; consumer software; and business services.

Iberian Peninsula (Spain and Portugal): Spain is the world's tenth-largest importer and tenth-largest industrial power, with a GDP of $640 billion in 1994. It represents Canada's twenty-sixth-largest export market ($377 million in 1994). Spain is composed of a series of regional markets joined to the two major hubs of Madrid and Barcelona. Canadian commercial activities centre on the export of raw materials, such as mining commodities; pulp and paper; mineral fuels; wood; and fishery products. To improve Canada's share of the Spanish market, Canadian companies must be active in carving out a specialty niche, bearing in mind the competition from other EU members. Major opportunities exist in the following sectors: environmental products and services; transportation; telecommunications; mechanical and electrical equipment; mineral fuels and oils; construction; and business services.

Since becoming a member of the EU in 1986, the composition of Portugal's international trade has shifted dramatically. Prior to 1986, approximately 75 percent of Portugal's imports came from outside the European Union. In 1994, 72 percent of imports came from within the European Union. As well, 75 percent of Portugal's exports are now destined for the European Union. Two-way trade amounted to $273 million in 1994, with Canada's exports totalling $97 million. Portugal's economy has recently undergone a radical transformation leading to a surge in wealth, as demonstrated by an increase of $US10 000 in per-capita GDP, from the 1985 level of $US2000. This new wealth offers opportunities for Canadians to diversify their exports from resource-based commodities toward value-added goods. Canadian environmental technologies, multimedia and information technologies, as well as wood-frame housing techniques, represent excellent niche opportunities in the Portuguese market.

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Central European Markets

Germany: Germany is the largest economy in Western Europe with a population of 81.4 million and a GDP of $2.5 trillion. It ranked as the fourth most important export destination of Canadian goods in 1994 ($2.25 billion). Major Canadian exports to Germany are pulp and paper machinery, mechanical appliances, ore slag and ash, articles of wood, electrical machinery equipment, and aircraft. Most of the export growth during 1990-94 is attributed to the sale of end products with high value-added content.

Germany is also Canada's fourth-largest source of foreign direct investment, and ranks seventh as a destination for Canadian investment abroad. More than 100 Canadian companies are actively pursuing investment opportunities in eastern Germany. A DM$1-billion commercial real estate development by a Toronto-based company is the largest project announced to date by a foreign investor. Canadian companies that are pursuing business opportunities in Germany's Eastern Länder are taking advantage of the need for modern construction technologies (to replace a depleted housing stock) and for environmental clean-up.

Canada is one of the top 10 destinations for German travellers. This makes tourism the fourth-largest earner in Canada-Germany trade in goods and services.

The market offers a highly sophisticated financial and communications infrastructure. Transportation facilities are excellent, and professional services are widely available. German companies favour long-term strategies and market share over short-term profits. They look for partners and suppliers who are committed to stay in the market. Consumers are not reluctant to buy from foreign suppliers, but there is a strong preference to buy from companies established in Germany, particularly in the service industry.

Sectors offering excellent opportunities include computer software and systems; telecommunications equipment; housing; agri-food; environment; automotive; geomatics; wood products; machinery; aerospace; security; tourism; medical products and devices; and farm equipment.

Austria: A small and prosperous country, Austria offers good potential for Canadian business interests. In 1994, Canadian exports to Austria were valued at $252.6 million, while imports totalled $455.8 million. Manufactured products represent approximately two thirds of Canadian exports. Austria joined the EU in January 1995, enhancing its favourable position as a source of partnerships for new business in the countries of both Eastern and Western Europe. Major opportunities for Canadian exports, joint ventures and technology transfer exist in the aerospace, automotive, forestry, informatics and telecommunications, environmental products and services, and agri-food sectors.

Switzerland: Switzerland is the twelfth-largest export market for Canada, valued at $894 million in 1994. Imports accounted for $763 million, for a two-way trade total of $1.6 billion. Canada is the second most favoured overseas destination for Swiss tourists. Switzerland is Canada's sixth most important source of foreign direct investment. With a population of 7 million and an anticipated GDP growth of 2.5 percent in 1995, Switzerland is a good country in which to do business. Major opportunities exist in environmental technology and services; health-care products; informatics and telecommunications technology; sporting goods; and tourism.

Czech Republic: International interest continues to grow in the politically stable Czech Republic as the country develops more open market facilities and builds on its economic successes. The Czech automotive sector has benefited from foreign investment, as have telecommunications systems from the recent privatization of the SPT (Czech PTT), the state-owned operator. Numerous opportunities exist throughout the country in many sectors, with the strongest trade opportunities for Canadians in construction (as renovation and restoration of buildings advance and as new home construction gets started) and in the upgrading of road, rail and energy infrastructures.

The heavily industrialized regions of the Czech Republic are also addressing the need for new environmental regulations. As a result, there are significant opportunities for Canadian equipment and related services to be found in wastewater treatment, air pollution or water treatment. In the transportation sector, the Czech aircraft industry has a long tradition within the country, and its privatization and restructuring also offer attractive opportunities for Canadian exporters. Although EDC (Export Development Corporation) has several lines of credit available to Canadian exporters, the main challenges are to find the right partner and to deal with the evolving infrastructure in the legal, banking and accounting sectors, as the country moves toward becoming a full member of the OECD and the European Union.

Slovenia: Slovenia is a little-known example of the transition of Central and Eastern European markets to market-oriented economies. Despite its small size, its role within the former Yugoslavia was heavily market- and export-oriented. As a result, its per-capita GDP, at approximately US$7500, is comparable to that of Greece or Portugal. Currently, its bilateral trade with Canada rivals that of other much larger Central European nations, and it has recently been successful in acceding to the EU as an entry-level country. Sectors that represent the best trade and investment opportunities for Canadian firms are in transportation, energy, information technologies and agriculture.

Croatia: Croatia has the lowest inflation rate (3 percent) in Central and Eastern Europe, a stable currency, a positive balance of payments, and foreign exchange reserves of more than US$2 billion. It has embarked on a major program of reconstruction and modernization, and has enacted financial and legal reforms to strengthen its market economy and attract foreign direct investment. The main opportunities for Canadian companies are in transportation; communications; energy; construction; tourism; and agriculture (including technology transfers). Much of this development will be funded through domestic Croatian resources, while other opportunities exist through projects funded by international financial institutions (IFIs) such as EBRD and the World Bank.

Hungary: Among the sectors that currently offer the best commercial prospects for Canadian companies in Hungary are services, transportation, construction, energy, environment, tourism and infrastructure. Many investment opportunities, whether greenfield or joint venture, also exist. Additional opportunities for exports can be found within the framework of multilateral bank projects (World Bank, EBRD), in government privatization programs, and in the area of municipal affairs.

Others exist in agriculture; training; distribution and retailing; commercial legal services; health care and administration; and cultural industries.

Poland: The main opportunities for Canada in Poland can be found in construction, telecommunications, informatics, geomatics, agriculture and food processing, and environmental goods and services. Poland also offers opportunities in forthcoming World Bank projects in forestry, energy, highway construction, telecommunications, steel, health care, and rail equipment. In addition, there will likely be increased demand for pharmaceutical products in the years ahead.

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Northern European Markets

United Kingdom: The commercial relationship with the United Kingdom is Canada's most extensive in Europe. The U.K. is Canada's most important export market in Europe and the third-largest in the world, after the U.S. and Japan. It is Canada's largest European partner in investment, tourism and military exchange.

In 1994, bilateral merchandise trade amounted to $8.1 billion, with Canadian merchandise exports to the U.K. totalling $3.1 billion. The U.K. is a major market for Canadian primary products, and is a growing market for manufactured goods and services. Canadian merchandise exports are shifting steadily to value-added products and to services, which account for a growing share of total exports (20 percent in 1983 to 40 percent in 1993). When tourism services are added to business services, this figure climbs from 27 percent in 1983 to 49 percent in 1993.

Sectors that offer excellent opportunities include transportation; defence; informatics and telecommunications; forestry; agri-food (grains and oilseeds); construction; fisheries; environment; health care; and general machinery and equipment.

The U.K. remains the first and most promising point of entry within the EU for a large number of Canadian producers of manufactured goods. Exports of high-technology goods continue to flourish, with robust growth in computer networking.

Canadian earnings from business services in the U.K. have increased by 33 percent over the past five years. The U.K. maintains its position as Canada's leading overseas tourism market, with some 620 000 visitors annually (32 percent of the European total).

The U.K. is Canada's second-largest source of foreign direct investment, with 1994 holdings estimated at $18.7 billion (12.6 percent of total investment in Canada). Investments are concentrated in manufacturing (primarily food processing and chemicals), wholesale and retail distribution, finance, real estate, other business services, and energy.

Canadian direct investment in the U.K. at the end of 1994 stood at $12 billion (9.6 percent of the Canadian total). From the United Kingdom's perspective, Canada ranks sixth as a source of investment but is considered the second-largest foreign employer after the United States. More than 200 Canadian companies are established in the United Kingdom.

Scandinavian Countries: Canadian exports to the Nordic countries amounted to $1.1 billion in 1994. Nordic investments in Canada are quite extensive, with Sweden leading the way in both direct investment (in excess of $1 billion) and corporate presence (close to 140 companies have subsidiaries in Canada). Sweden and Finland joined the EU on January 1, 1995, but Norway rejected economic integration with the European Union. The Nordic countries, with a combined GDP of $736 billion, have more commercial importance than their total population of 23 million would suggest. While recession caused a decline in trade in the last few years, with the exception of Norway, the Scandinavian economies have bounced back, and trade between Canada and the Nordic countries has increased accordingly.

The following sectors have been identified as offering excellent opportunities: oil and gas; computers; telecommunications equipment; agri-food; environment; fisheries; forestry; transportation; health care; and sporting equipment.

The Baltics: With considerable success in implementing economic reforms, Estonia and Latvia offer a number of promising opportunities for Canadian businesses. Recent successes in building materials confirm that a substantial market has opened up in Latvia and Estonia, and, to

a more limited extent, in Lithuania. Opportunities in telecommunications appear plentiful, and a number of Canadian companies are already active in this area. Double taxation agreements have been signed with Latvia and Estonia, and an agreement is being negotiated with Lithuania. A Foreign Investment Protection Agreement has also been signed with Latvia.

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Southern European Markets

Italy: Italy offers tremendous potential for Canadian commercial interests. A wealthy country, it is the world's fifth-largest economy and Canada's eleventh-largest export market. In 1994, two-way trade between Canada and Italy amounted to $3.9 billion, with Canadian exports to Italy totalling $1.3 billion and Italian imports amounting to $2.6 billion. Excellent opportunities exist in the following sectors: information and communications technology; environmental technologies; automotive; industrial machinery; and medical equipment.

Turkey and Greece: Turkey's economy was expected to improve in 1995 after a weak showing in 1994, with a projected GDP growth of about 2 percent. Two-way trade in 1994 was $269 million, with Canadian exports accounting for $140 million. Canadian exports of goods and services continue to benefit from the $1-billion Ankara Metro project and the long-time presence of NETAS, a Northern Telecom subsidiary in the telecommunications field. Major opportunities for Canadian exporters exist in the following sectors: agri-food; construction; defence; power and energy; and environment.

Notwithstanding its current economic difficulties, Greece will offer opportunities for sales growth. Two-way trade in 1994 was $166 million, with Canadian exports totalling $84 million, representing a slight balance of trade in Canada's favour. Greece will be the recipient of substantial funding (about $18 billion) under the EU's Delors II program over the next seven to ten years. This will be matched by funds from the Greek government and will create an expenditure program expected to top some $30 billion, which will be dedicated to a large number of infrastructure projects in the transportation, telecommunications, information technology and environment fields. Other opportunities exist in agri-food, consumer products, machinery and equipment, and defence.

Albania: Albania is Europe's poorest country, with a per-capita GDP of US$560. Nevertheless, Albania's GDP growth rate remains among the highest in Europe, albeit from a very low base. The government has made rapid progress in stabilizing the economy following significant political and social shifts as a result of the demise of one of Eastern Europe's strongest communist governments. The current government is saddled with a significant budget deficit, and lack of financing remains a critical factor for this market. Canada's best trade and investment opportunities appear to be with multilaterally funded infrastructure development projects, as well as in the sectors of oil and gas, and mining and metallurgy.

Bulgaria: In spite of a slow economic reform process and a lack of access to financing, there is market potential in Bulgaria for companies that are willing to invest in business development. Local partners are often necessary and should be an integral part of the development process. Export opportunities exist in minerals (zinc, copper and aluminum chloride) and manufacturing equipment components. There have been successes in environmental services and equipment, where considerable potential exists. Other areas of opportunity include food processing and distribution; packaging equipment; telecommunications equipment and services; geographic information systems technology; and construction (particularly in the tourism sector).

Romania: With a relatively stable political climate and with economic growth rates beginning to show improvement, Romania offers increasing opportunities to which foreign business interests are responding. A large-scale privatization process is under way. With some 4000 companies currently on the offer list, there is slow but steady foreign investment interest, some of which is coming from Canadian companies. Firms that are interested in a relatively low-cost manufacturing base should consider this market. Imports are showing double-digit increases, more in consumer goods than in industrial goods. However, with substantial World Bank and other external investment financing, investments in plants and equipment are on the rise. Significant opportunities for Canadian com-

panies exist or are emerging in energy projects (CANDU unit #2 and thermal upgrades); oil and gas (restructuring of existing facilities, new exploration); transportation (aircraft, airport improvements, rail restructuring); telecommunications and information technologies; construction and building materials; environmental protection and pollution abatement; agricultural equipment; and food-processing technology.

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Eastern European Markets

Russian Federation

- **Oil and Gas —** The Russian oil and gas sector probably provides the best opportunities for Canadian firms. The services of Western exploration and production companies, well makeover firms and suppliers of oil-field equipment, services and technology will be needed if the Federation is to reverse the nearly 50-percent decline in production since 1989.

- **Mining and Metallurgy —** Many Russian mines are unsafe and inefficient, using antiquated equipment. There is considerable potential for Canadian expertise, technology and equipment in mining, particularly in coal mining. Similarly, blast furnaces at Russian steel works often date from the 1930s, creating scope for sales of both metallurgical equipment and services.

- **Forestry and Forest Products —** Opportunities exist for sales of equipment, technology and services, as well as for licensing agreements for the local manufacture of equipment.

- **Construction —** With the return of some 750 000 military personnel from Central and Eastern Europe, the Russian Federation is facing a severe housing shortage. Considerable need exists for construction equipment, building materials, technology and services, and related training.

- **Telecommunications —** Russia's telephone system needs to be modernized, which should open up opportunities for Canadian expertise in this area.

Ukraine

Comprehensive market-oriented reforms have created export and investment opportunities in many sectors in Ukraine, including agriculture and food products, oil and gas technology and services, medical and health-care products, environmental equipment, and information technologies. Canada has signed a double taxation agreement, a foreign investment protection agreement is being ratified, and the Economic Co-operation and Trade Agreement has been implemented. EDC is providing a line of credit of $20 million (non-concessional) for capital and quasi-capital goods and services.

Kazakhstan

As the leading economy of Central Asia, Kazakhstan provides a strong point of focus in an emerging — and often overlooked — corner of the CIS. Oil and gas exploration and development, mining and agriculture (dry-land farming, food production and storage) are the areas with the most immediate potential. The population has responded quickly to market reform, although government has been more cautious and cumbersome in adjusting. Rich in resources, notably gold and oil, the region is open and receptive to foreign investment and partnerships.

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Latin America and the Caribbean

Introduction

While Canada's economy is moving forward, it is travelling at a relatively slow pace, relative, that is, to some Latin American countries. This large and growing region has a $1.3-trillion gross domestic product (GDP) and a population of 460 million, which is expected to reach 700 million by the year 2020. When it does, the region will be one of the largest markets in the world.

The possible expansion of the North American Free Trade Agreement (NAFTA) and other instances of greater market liberalization such as unilateral tariff reductions between Brazil and Argentina, multilateral trade agreements like MERCOSUR, the ANDEAN PACT, the G-3, CARICOM, and the Central America Common Market, will provide a competitive push to all economies in the region.

The prospect of a Western Hemisphere Free Trade Agreement by 2005 (as agreed to by heads of government at the Miami Summit in December 1994), increasing intra-regional trade and investment, and openness to international competition suggest that Canadian exports to Latin America should grow dramatically in the next five years.

Business Environment

Growth in Latin America as a whole is being spurred by a burgeoning middle class and increasing economic collaboration among the region's countries. The overall hemispheric growth is forecast to be about 3 percent for 1996. Argentina, Peru, Venezuela and Mexico are expected to experience lower growth rates. Following the financial/economic crisis of early 1995, Mexico's economy will bear close watching in 1996.

On the growth side of the equation, Chile's economy is forecast to accelerate in 1996. The remaining Latin American economies, including Brazil, are expected to maintain their recent strong growth rates. In efforts to improve their long-term economic prospects, Latin American governments will continue to emphasize fiscal restraint, market liberalization and the privatization of state-owned enterprises.

Over the last 10 years, Canada's interest in several areas — particularly the political sphere, trade, investment, research and technology — has converged with that of many Latin American countries. In these countries, Canada is regarded as a valuable source of investment, know-how, technology and trade. This has resulted in an increase in joint ventures between Canadian and Latin American companies.

Many Latin American countries are putting natural resources at the core of their economic development strategies. Like Canada, they are rich in agricultural, forestry, fishing, and mineral and energy resources. Given Canada's own expertise in these sectors, the opportunities Latin America presents for Canadian businesses is significant.

The range of goods that Canada exports to the region is well-diversified including both commodities and manufactured products and totalled some $4.7 billion in 1994, with a further growth of 29 percent in the first half of 1995. Canada's sales in the services sector account for an estimated additional 33 percent (approximately $1 billion).

Canada's growing presence in the region is also reflected in an impressive level of investment, valued at over $13 billion. This includes $1 billion in Argentina, $3.5 billion in Brazil, and actual and planned investment of over $7 billion in Chile. For Mexico, Canada's cumulative direct investment now totals over $1.3 billion with additional commitments of over $1.5 billion. As investment and trade become even more closely linked, Canadian exporters to Latin America will have an added advantage as many of their clients will be Canadian investors with whom they have already established a solid trade relationship.

Market Opportunities

The Latin America and Caribbean Trade Division of the Department of Foreign Affairs and International Trade (DFAIT) has identified areas of strong potential for Canadian interests. The priorities, as detailed below, are in the following fields: mining; informatics; environment; forestry; industrial equipment; telecommunications; transport; geomatics; agriculture and agri-food; metals and minerals; oil and gas; and power and energy. Specific countries that will be focussed on include Mexico (various), Brazil (industry), Chile (mining), Peru (mining), Colombia (industry), and Argentina (energy).

Informatics and Telecommunications

Many trading partners in Latin America are liberalizing their investment and competition laws and regulations, encouraging privatization and the development of private networks. Mexico, Brazil, Colombia, Chile and Argentina have become major markets for telecommunications, computers, peripherals and software. Most other Latin American countries also show potential for expansion and growth in the telecommunications sector. Canadian suppliers of rural telecommunications, microwave systems, switches, private networks, cellular base stations and spectrum management services are well-positioned to take advantage of the opportunities in this sector.

Computer Software

Canadian computer software firms should also do well in Latin American markets. Most, if not all, Latin American countries are signatories to the new Trade in Intellectual Property (TRIP) Agreement under the World Trade Organization (WTO), which provides strict guidelines regarding copyright protection and enforcement. In Brazil, the redefinition of import regulations has made it an interesting market for foreign software suppliers. The market still needs leading informatics technologies, and good opportunities exist in database management systems, local area network (LAN) and wide area network (WAN) systems and management, connectivity products, interoperability and asynchronous transfer mode (ATM) products.

Geomatics

The region is expected to be an important growth market for geomatics technology products and services with expenditures between $650 million and $1.5 billion over the next five years. The geomatics market in Latin America is in a state of transition with technologies such as digital mapping, geographic information systems (GIS), remote sensing, and global positioning systems (GPS) just beginning to take hold in the public and private sectors. The market is dominated by government and public enterprises but market growth is anticipated in the private sector, particularly in the resource sector (agriculture, forestry, mining and energy). Argentina, Bolivia, Colombia, Peru, Chile, Brazil and Mexico, in particular, offer good market prospects for geomatics information services and products.

Agriculture and Food Products

Latin American and Caribbean countries import $21 billion worth of agri-food products, of which Canada's share is more than $1 billion. The Caribbean basin, consisting of 23 countries and territories with a population of 31.5 million and many diverse markets has a long-standing association with Atlantic Canada. Oilseeds and grains, chiefly wheat, make up 80 percent of Canadian exports to South America and 60 percent to Central America and the Caribbean. There is a continuing market for Canadian agri-food commodities as well as a wide range of grocery products. Opportunities exist in beef and dairy genetics, canola, canola oil, seed potatoes and all types of processed and speciality food items. Key markets are Mexico, Brazil, Venezuela, Colombia, Argentina, Chile and the Caribbean.

Grains, Oilseeds and Special Crops

The region is a major market for wheat and barley malt and constitutes Canada's largest market for seed potatoes. Mexico is a potential market for canola meal and a priority market for canola seed and special crops such as beans and other pulses (barley, lentils and peas). Canola and special crops are a medium priority in Colombia and a low priority in Cuba and Venezuela. Canada is Brazil's second-largest supplier of wheat, lentils, and canary seeds with good prospects for malting barley and canola. Canada traditionally exports wheat and special crops and seeds to Peru and there are opportunities in corn (yellow), pulses and barley. Chile is a well-established and growing market for seed and special crops with good prospects in durum and red spring wheat, pulses, barley, canary and potato seeds.

Livestock

Exports of livestock genetic material to all key markets in the region can be expanded, especially to Mexico. Brazil's livestock industry has a critical need to improve productivity to meet domestic market demand. Canada currently has a 24-percent share of the livestock and genetics market and prospects are promising for exports of frozen semen, embryos, dairy and beef cattle, sheep, goats and laying and broiler chickens. As Chile liberalizes its agriculture sector, more Canadian agriculture commodities will find solid markets. Opportunities exist in the region, particularly in Mexico, for increased exports of dairy, beef and swine semen, swine, cattle, and cattle embryos.

Processed Foods and Beverages, Food-processing Equipment and Agri-food Biotechnology

Good opportunities exist in Mexico for beverages and processed food such as high-quality, deli-type cold cuts, pasta, frozen prepared meals, microwave entrées, and biscuits and crackers. Brazil, Argentina, Chile, the Caribbean and Colombia are emerging markets for value-added foods and food-processing equipment and technology. Research links are well-established between Canada and Latin America in agri-food biotechnology and there is increasing interest in finding capable local partners in the region.

Oil and Gas

Demand for primary energy in Latin America is expected to grow substantially because of increasing urbanization and consumer demand. Producing countries in South America continue to encourage foreign participation and are reducing restrictions on investment and imports of petroleum equipment.

The major export market opportunities for Canada in exploration development, production and pipeline investments will be in Mexico, Colombia, Argentina, Peru and Bolivia. In Mexico, the NAFTA provisions on government procurement also create significant opportunities with Petróleos Mexicanos (PEMEX).

The increasing privatization of Argentina's oil and gas industry will create an annual need of up to $3 billion for expansion and upgrading over the next several years. This will improve the prospects for exports of gas processing, compression and transportation equipment, oil field control and monitoring equipment, and oil field services. In Brazil, Venezuela, Bolivia, Peru and Colombia, there are opportunities for sales of oil production, refinery and maintenance equipment, exploration software, training, and in the expanding natural gas sector, for pipeline and distribution systems. Proposed gas pipeline projects from Bolivia to Brazil and from Argentina to Chile will present numerous opportunities for Canadian suppliers of gas pipeline products and services, including off-highway vehicles, well services and consulting services.

Transportation (Air, Rail, Bus and Automotive)

Privatization is creating new opportunities for the supply of rail equipment and transit consulting services. In Mexico, there is a need to upgrade the transportation infrastructure and to increase its automotive capacity, which should provide sourcing and investment opportunities for both assemblers and parts suppliers. Brazil and Argentina have substantial but protected automotive industries, but with the potential for freer trade with this area these markets should be watched closely. In Argentina, the railway and subway systems have been privatized and the airport system will be privatized in the near future. This is creating opportunities in consulting and operations for airport signalling, communications, and rail equipment and rolling stock. The increasing use of North American cars and trucks bodes well for Canadian spare or replacement parts companies. In Chile, investments of over $43.5 billion are planned for rail, road, airport, port, and related transportation systems. In Colombia, there is a major rail and port rehabilitation program under way, creating opportunities for consulting services, construction management, railway, rolling stock, signalling and maintenance equipment, and locomotive and car parts.

Environment

Social pressures are dictating that increased attention be paid to preserving the environment throughout Latin America and the Caribbean. Market priorities for Canada's rapidly growing environmental sector include waste control systems, land-use and urban management systems, and air pollution control.

Canadian companies can bid on environmental projects in developing countries that are funded by multilateral development banks (MDBs). In 1994, 71 environmental projects funded by the World Bank and the Inter-American Development Bank were valued at US$1.2 billion. In 1995, 23 projects worth $645 million were given consideration. Significant environmental component projects in other sectors are estimated at about US$1 billion. The World Bank's projects have focussed on natural resource conservation, improvement of the urban environment, pollution control, and the strengthening of local government institutions. Financing is being made available for projects in Argentina, Brazil, Venezuela and Chile where good opportunities exist in industrial pollution control, basic sanitation (water and sewage), waste management, ecosystem coastline protection, irrigation, oil and gas, institutional development and training. In Mexico, the NAFTA provisions on government procurement will help to increase opportunities.

Consumer Products (Textiles, Furniture)

South America is one of several key destinations for a growing variety of specialized Canadian textile products, including manufactured fibres, yarns, fabrics, household linens, carpets and textiles used in industrial manufacturing. In Mexico, the NAFTA provisions help to create opportunities for Canadian furniture manufacturers of high-end speciality products.

Forestry

Export opportunities are emerging in selected Latin American countries for Canadian wood, paper and allied industries. In Peru, there are good prospects for sales of newsprint, wood pulp, kraft, carton and fine paper, sanitary paper, packaging containers and carton boxes. With global wood supplies on the decline, Chile is one of the few major sources of industrial wood. The availability of wood from Chile's plantation forests is expected to triple by 2005, creating strong demand for harvesting, sawmilling, processing and transportation equipment as well as engineering and environmental consulting services. In Guyana, there are good market prospects for sales of logging and sawmilling equipment and tools. Argentina offers export opportunities for sawmilling equipment and related services, pre-engineered homes, new building methods and advanced building products. Canadian exports to Venezuela have reached a mature level with continuing opportunities for sales of newsprint, pulp, machinery parts, engineering services, and fine paper.

Metals and Minerals

Canada's large metals and minerals industry has spawned supporting industries that are now actively exporting high-technology products and services, including mining, exploration, transportation, processing and related environmental equipment and consumable products. As well, exports of services range from engineering, maintenance and earth sciences to surveys, analyses, transportation, software, education, training and management. In Venezuela, Canada has a well-established and growing share of the market for metals (copper, zinc, nickel and scrap iron), gold mining equipment, metal products (carbon electrodes, steel tubing), and engineering services. In Peru, due to the reduction of terrorist activity, increasing stability, the privatization of public mining companies, and the framework of a new investment law, phenomenal growth is taking place in this sector. A growing number of Canadian companies are exploring mining opportunities in Bolivia. The government is privatizing the state mining company, COMIBOL, and good prospects will arise from this action for Canadian suppliers.

Argentina's new federal mining legislation is attracting interest from Canadian mining companies. There are increasing opportunities to supply non-ferrous metals, mineral products (sulphur, asbestos, coal), engineering, management and exploration services, and mining equipment. In Guyana, there are good prospects for exports of geological and mining services and mining equipment. There is massive Canadian and domestic investment in the Chilean mining sector; the market for mining equipment alone is valued at over $650 million.

Power and Energy

Potential new markets for Canadian electrical equipment can be found in Mexico, Colombia, Chile, Brazil, Argentina and Venezuela, and the NAFTA has opened up new markets in the growing Mexican power sector. In Guyana, anticipated multilateral and bilateral financing for the expansion and rehabilitation of the electricity sector will create opportunities for Canadian suppliers of equipment, as well as consulting services. There is extensive investment planned in the Chilean hydro, gas transportation, and power generation sectors. With Canada's strong technology in these fields, prospects for sales of bituminous coal, boilers and parts, engineering services, environment services and products, and gas technology are promising.

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ASIA-PACIFIC

The Asia-Pacific region offers some of the fastest-growing markets in the world. These markets are as varied as the countries themselves, and they present opportunities for almost every sector of Canadian business. From the economic giants of China and India, to the "tigers" of Korea and Thailand, to the touchstone economies of Japan, Australia and New Zealand, the region holds the key to world economic growth.

These markets are not without their challenges, including language, culture and business methods very different from those in North America. The challenges are balanced, however, by the dynamism and innovation of Asia-Pacific societies. Binding the diverse cultures and countries together are multilateral mechanisms such as the Asia-Pacific Economic Co-operation forum (APEC) and sub-regional groupings such as the Association of Southeast Asian Nations (ASEAN). In 1994, Canadian merchandise exports to the region totalled just over $19 billion.

Japan

Introduction

Despite a recent recession and structural adjustment difficulties, Japan's $5-trillion economy continues to exercise enormous influence abroad and with Canada. The country continues to experience significant changes politically and socially, all of which combine to offer remarkable opportunities for Canadian companies. Canadian sales in the first six months of 1995 were up by 35 percent, this on the heels of two years of annual increases exceeding $1 billion per year.

At the same time, Canada faces important challenges in its second-largest export market. A significant portion of the $12 billion in exports to Japan is made up of raw materials. Canada must maintain market share in these traditional export areas, but real long-term growth lies elsewhere. The soaring yen, domestic deregulation and increasing consumer sophistication are forcing basic manufacturing out of Japan and boosting imports of value-added goods.

Canadian companies are achieving success in the growth sectors of this economy. This has prompted Canada's business community to develop a vision for what can be accomplished over time in the Japanese market. This vision is captured in *Canada's Action Plan for Japan.* Supported by both levels of government, the Plan articulates a set of private-sector strategies designed to realize Canada's potential in Japan's high-growth sectors.

Business Environment

Japan's average economic growth rate through the 1980s and early 1990s was the highest among major industrialized countries, establishing it as the second-largest economy in the world, surpassed only by that of the United States. Despite the current slowdown, the fundamentals are strong, and Japan will continue to be Canada's largest overseas trading partner. Japan has evolved into a dynamic and broadly based market with a growing appetite for imports, offering unique and profitable opportunities for foreign suppliers.

Establishing a presence in the Japanese market is not easy. Indeed, few markets are as costly or as time-consuming to enter. Nonetheless, a rapidly growing number of Canadian companies are finding that, despite the effort and expense required, the market is stable and profitable, and it is indispensable to a global business strategy.

Market Opportunities

Canada's Action Plan for Japan identifies the following seven priority sectors of opportunity:

Fish Products

Japan is the world's largest market for imported fish products, absorbing more than one third of total world exports, and Canada is its eighth-largest supplier. Prospects are good for imported fisheries products as domestic catch continues to decrease and farmed product is unable to keep up.

Imports are becoming a more important part of the Japanese domestic supply, having risen from 25 percent in 1987 to more than 35 percent in 1992. As the value and volume of imports increase, Canada is keeping pace. The proportion of Japanese male marine fishery workers 40 years of age and over has risen from 60.3 percent in 1988 to 65.7 percent in 1993. This is affecting both the volume of fish caught and the cost of labour in fish-processing firms, and has led to greater Japanese investment in overseas processing facilities, some in Canada. There is potential for more investment in this area.

Forest and Building Products

Japan is Canada's leading overseas market for forest products. In 1994, Canadian exports of forest products to Japan (including pulp and paper) exceeded $3.8 billion, of which lumber, plywood and other wooden building materials accounted for more than $2.4 billion. The vast majority of wooden building materials is structural lumber for the Japanese housing sector, the world's largest, with more than 1.5 million starts annually. Softwood lumber and plywood aside, Canadian manufactured building materials have only recently been introduced to Japan, with the number of products exported still somewhat limited and Canada's market share still well below full potential. There are exciting but largely untapped opportunities for Canadian manufacturers and exporters of doors, windows, flooring, staircases, kitchen systems, prefabricated wall panels and house packages (pre-engineered and manufactured). Canadian products are highly competitive in terms of both price and quality when tailored to local requirements, including sizing, pre-finishing and packaging.

Japan is importing increasing volumes of value-added building products, primarily because of their cost advantage but also to satisfy consumer demand for modern, Western-style housing and related components and fixtures. Labour- and cost-saving components from Canada, including manufactured housing kits, are finding a ready market in Japan, particularly if the products are custom-designed to suit specific needs.

Processed Food Products

Japan is the world's largest net importer of agriculture and food products. Companies that are prepared to make long-term commitments to the marketplace, to adapt products to consumer demands and to produce to stringent quality standards stand to benefit from this dynamic growing market.

With a 5-percent share of the market, Canada is Japan's sixth-largest supplier of agriculture and processed food products, and Japan is Canada's second-largest market. Agri-food imports will continue to grow as consumption rises faster than domestic production. Labour shortages, land-use policies, and price-support programs are driving up domestic production costs, making imports more competitive. These factors also create greater interest by the Japanese in establishing offshore production facilities for low-cost production. While much of the offshore investment is in other Asian countries, there are opportunities for Canadian companies, particularly in frozen foods, cookies, confectionery and snack items.

Changing demographics are also creating new market opportunities. The number of two-income families is increasing, family size is shrinking and single households are replacing the traditional extended family. These demographic changes are increasing the market for convenience foods as consumers have less time to devote to shopping and food preparation. Competition in the food-service sector is increasing, and the sector is expanding as restaurants cater to greater numbers of clients. Restaurateurs are open to new ideas to maintain and expand their clientele and to reduce costs — this is especially true where labour required for food preparation can be minimized.

Software

Japan is the world's second-largest software market. Custom-built software applications dominated the Japanese market in the 1980s, but as consumers become more comfortable with software packages, the proportion of custom-built applications should drop to levels more similar to North America and Europe (30 percent to 35 percent from more than 75 percent). This trend benefits Canadian software companies, which specialize in niche products.

Telecommunications

In telecommunications, Japan represents good export potential for Canadian products and services as the participation of foreign carriers in Japan increases and the national telephone company moves to complete the digitization of its switching facilities. Growing trends toward the provision of seamless international services between carriers provide another opportunity for Canadian equipment suppliers, systems integrators and service providers. The breakup of Nippon Telephone and Telegraph (NTT) into five regional carriers will also open markets to a number of foreign suppliers.

As a result of discussions with the United States, Japan has adopted measures to significantly increase access and sales of competitive foreign telecommunications products in the Japanese market. Telecommunications services, such as systems integration support for Japanese products aimed at the North American market, allow Canadian companies to develop strategic alliances that will enhance their ability to participate in major projects in Japan.

Tourism

Incentives to travel include a substantial appreciation of the yen against foreign currencies, a five-year program that encourages outbound travel, changes in Japanese lifestyle and extremely competitive promotional efforts by the Canadian travel industry. Despite the slowing of economic growth, industry observers predict that by the year 2000, over 20 million Japanese citizens will travel overseas annually. To expand and enhance tourism between Canada and Japan, the two governments have announced a program called "Two-Way Tourism 21." The program represents a co-ordinated effort to promote broad-based international tourism now and into the 21st century. While the major objective of increased revenue generation will be met partly through increased arrivals, another key variable of the strategy is to increase spending per trip. Targeting high-yield Japanese travel segments will continue to be emphasized.

Consumer Products

Medical

The Japanese Ministry of Health and Welfare estimates that, by the year 2025, 25.8 percent of the Japanese population will be over 65 years of age, compared to 13 percent now. In 1991, the sale of health-care products for the aged was valued at 88 billion yen. This market has experienced an annual growth of 5 percent to 6 percent since 1985, and it is expected that the rate of increase in demand will remain the same for the next 10 to 15 years. In 1989, the Japanese were spending an average of $1160 a year for health-care products.

Japan ranks as the second-largest market for imported medical devices, with imports of US$2.9 billion in 1993 (United States Department of Commerce statistics). As the Japanese market ages, the government is planning increased expenditures for improved home health-care products and services for the elderly and handicapped. Most promising subsectors are diagnostic imaging equipment, dental equipment and supplies, implant devices, home health-care products and emergency medical equipment. The products in greatest demand are wheelchairs, hearing aids, disposable diapers, rehabilitation equipment and portable toilets.

Furniture

The current share of imported residential furniture in the Japanese market is about 10 percent. Japanese furniture imports for the first six months of 1994 hit a record high of 106.1 billion yen, an increase of 19.8 percent over the same period in 1993. Most imports came from Taiwan, Thailand and Indonesia (71 percent), with the remainder shared almost equally between Europe and North America.

As the market for imported furniture in Japan increased, Canadian furniture exports to Japan rose from $3.2 million to $6.8 million between 1991 and 1994. In the first six months of 1995, exports reached $4.7 million, an increase of 32 percent over the same period in 1994. The increase is credited to Japanese interest in North American products, the low value of the Canadian dollar and the high cost of manufacturing in Japan. Driven by the price-conscious consumer, manufacturers, wholesalers and larger retailers are adding imported furniture to their product lines. Currently, imported wooden furniture has 6 percent of the market, but recent sales of upholstered furniture, furnishings and mattresses are promising. However, high freight costs (to Japan and within Japan) remain a problem.

Institutional and contract furniture sales prospects are brighter. Japan is committed to increasing its hospital/residential care facilities, and the hotel/restaurant sector is healthy. The office furniture market is stagnant as the recession affects the economy, but several Canadian companies have found a good market for their products in Japan.

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China and Hong Kong

Introduction

Economically, the China region, including Hong Kong, has been growing exponentially, with China's gross domestic product (GDP) growth in 1994 reaching 11.8 percent. China's world trade position improved in 1994 with an export growth rate of 32 percent, reversing its 1993 trade deficit.

China is now Canada's fifth-largest export market with bilateral trade totalling a record $6.1 billion in 1994. Canadian exports accounted for more than $2.1 billion (customs basis) of this total, a significant 40-percent improvement over 1993 exports of $1.5 billion. Although grain sales at over $600 million remain Canada's leading export to China, manufactured goods exports have grown consistently over the past 20 years.

Hong Kong continues to be a dynamic market with very strong trade ties to China. As a major facilitator of trade with China, Hong Kong is responsible for an estimated 37 percent of China's world trade flows, and about 60 percent of China's investment is funnelled through Hong Kong. Canadian exports to Hong Kong were over $898 million in 1994, up from $601 million in 1993. Hong Kong is now Canada's fourteenth-largest trading partner.

Business Environment

The Chinese government's strategic economic and social goal is the smooth transformation to a "socialist market economy." The benefits of this transformation include job creation, industrial modernization, infrastructure expansion, increased industrial output and efficiency, greater availability of installed power capacity and reform of traditional central aspects of governing.

Although China did not join the World Trade Organization (WTO) in 1994, Canada supports China's efforts to unify its trading regime with other nations under international auspices. Recent accommodation made with the United States regarding the protection of intellectual property rights has had spin-off benefits for exporters in China.

It is important to see China as a collection of distinctly different, large regional markets sharing similar geographic boundaries, industrial bases and cultural factors. The most promising include the Northeast (Heilongjiang, Jilin and Liaoning), Greater Beijing (Hebei, Beijing, Tianjin and Shandong), Central (Shaanxi, Henan, Hubei, Hunan and Jiangxi), Sichuan, East China (Shanghai, Jiangsu and Zhejiang) and South China (Guangdong, Fujian and Hainan).

Although many opportunities exist for Canadian companies in China's large regional markets, companies are advised to do their research and plan their export strategies conscientiously. Numerous reforms in taxation, foreign exchange, imports and exports, and commercial law have been implemented to protect the Chinese government's interests, and many export products are subject to quotas, import licensing and other restrictions. The ability to raise the necessary financing and to package financing terms in attractive proposals for certain projects can be key factors to success. Linguistic and cultural differences should also not be discounted. A good knowledge of these elements can be crucial in networking, gathering market intelligence, initiating negotiations and concluding contracts successfully.

Nevertheless, companies that pass these hurdles will find their rewards. The trend for Canadian companies in China is very positive. The Chinese recognize the quality of Canadian goods and services, and they are comfortable with the way Canadians do business in China.

The broadening of Canada's trade relations with China is primarily due to the perseverance of Canadian companies that are seeking access to China's markets. Furthermore, the successful management of Canada's long-standing relations with China is an important factor. Canada and China witnessed the twenty-fifth year of diplomatic relations in October 1995. Numerous bilateral trade-oriented exchanges, notably the Team Canada Mission in November 1994 led by Prime Minister Chrétien with provincial premiers and a significant business delegation, have created an atmosphere conducive to the continued expansion of commercial relations. The Team Canada Mission yielded significant commercial agreements, with project values potentially totalling over $8.6 billion.

The business environment in Hong Kong remains excellent. With a free trade regime, the territory is an important source of investment for Canada and a fertile market for Canadian technology, goods and services. Hong Kong is totally dependent on trade in goods and services and maintains its position as the banking, financial, transportation and regional sales centre in Asia. Although Hong Kong will return to China's sovereign rule on July 1, 1997, it is not unrealistic to expect that Hong Kong will remain as robust an economy under China's aegis.

Market Opportunities

The following sectors represent the greatest potential for doing business with China and Hong Kong.

Agriculture

Canada's historical export sales to China have been dominated by grain; grains and oilseeds represent 95 percent of total agri-food exports. In 1994, Canada exported $691 million of agri-food products to China, from $463 million in 1993. Good potential exists for Canadian food products in meat and meat preparations, beef and poultry, fish and fish preparations, cereals and cereal preparations, frozen potato products, and nuts. The markets for agricultural chemicals and machinery, particularly small tractors, are also promising. Canadian exports to Hong Kong grew 20 percent to $120 million, and many are re-exported to China. Sales of agri-food products in Hong Kong are dependent on competitive prices and dependable distribution.

Telecommunications

China regards the telecommunications sector as critical to its continued national development. Telecommunications exports to China surpassed $450 million in 1994. Prospects for Canadian business are good, as Canada is seen as a source of advanced equipment and technology. Areas of opportunity include data, fibre optic, satellite, rural and mobile telecommunications. In Hong Kong, this sector has been liberalized and is growing fast, with imports playing a vital role in meeting market demand. New technologies to build high value-added products are in demand.

Power

To modernize, China requires tremendous energy inputs. In 1993, total installed capacity of China's electric power reached 160 gigawatts (gw) and generated 700 billion kilowatt hours (kWh). Installed capacity must be doubled by the year 2000 to keep up with industrial and domestic demand. Although thermal power plants provide the majority of the output due to relatively short project cycles and cost efficiency, China is also focussing on hydro-electric power and nuclear power. Due to the scale of power projects, project financing is an essential factor for success. There are opportunities for Canadian expertise in consulting, project management, transmission systems, control equipment, hydro generators and turbines, as well as associated power equipment.

Transportation

Development of the transportation infrastructure remains a strategic priority for China. Improvement of the chronically over-burdened rail system is the highest priority. Potential opportunities also exist in the rapidly expanding aviation and road transportation sectors. Areas of promise include infrastructure development, possibly on a build, own/operate, transfer (BOOT) basis, transportation services, and equipment sales and manufacturing. There are a number of infrastructure projects under way or in the planning stages in South China and Hong Kong. The Port and Airport Development Strategy of Hong Kong is a major source of opportunities for Canadian companies.

Construction

China's strong economic growth has stimulated huge demand for construction, with a building materials market of over $13 billion in 1994. Modern skyscrapers, highways, residential units, resorts and commercial complexes have been on the rise. Canadian companies have been successful in marketing architectural and interior design, construction management, high-end residences, resorts and recreational facilities, timber, pulp and paper-based products, windows and energy-efficient building systems. In Hong Kong, Canadian companies have been successful in supplying building materials, including plywood, wallboard, heating and ventilation equipment, carpets and hardwood flooring, wall coverings and plumbing supplies.

Environment

The formal publication in 1994 of its Agenda 21 list of priority projects confirmed the importance that China attaches to improving the environment. The projects, all of which are dependent to some degree on external financing, confirm that the most promising opportunities for Canadian exporters of services, products and technologies will continue to be tied to international financial institution (IFI)-funded projects. In Hong Kong, environment consulting services are in demand, especially solid and wastewater management, and sound and air pollution control.

Oil and Gas

Sino-Canadian petroleum industry trade and investment has expanded solidly in recent years. Alberta has been recognized for its aggressive trade promotion program since 1979. With oil demand forecast to climb to 210-260 million tons by the year 2000, it will be difficult for China to reach its stated production goal of 170 million tons. China may fall even further behind, unless it entices significant foreign investment into explo-

ration and development. The opening of the East China Sea and onshore areas to foreign exploration and production will play a significant role. Offshore and Tarim Bay discoveries will lead to future investment in production and pipeline extension projects. Canadian strengths lie in the areas of heavy oil, sour gas, normal crude and gas processing, pipeline design and cold weather operations.

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Korea and East Asia

Introduction

Consisting of South Korea, Taiwan and Indochina (Vietnam, Laos, Cambodia and Burma), the Korea and East Asia region is one of the fastest-growing economic areas in the world. South Korea, Canada's sixth-largest trading partner, receives the lion's share of Canadian exports to the region, with two-way trade totalling $4.7 billion.

Developments in the region, specifically of Korea's and Taiwan's ascension into the ranks of the industrialized and developed nations, have necessitated a rethinking and reorganization of Canadian objectives and strategies, to keep abreast of the transitional nature of these two economies.

Business Environment

As liberalization takes hold, the business climate for Canadian companies will improve significantly in both Korea and Taiwan. There is still much progress to be made in this area, but the introduction of a five-year economic plan in Korea aimed at reducing government interference in the economy will provide Canadian goods and services suppliers with opportunities in this increasingly lucrative market.

In Taiwan, the economy is forecast to grow by between 6 percent and 7 percent per annum for the next three years. The engine of growth is proving to be the US$250-billion National Infrastructure Development Plan. There are currently over 40 Canadian companies pursuing close to 60 projects worth over $6 billion.

In both Korea and Taiwan, there is a prevailing mood of having "arrived" as economies. As a testament to this new-found prosperity, both Taiwan and Korea are now among the leading investors in Asia, particularly in Vietnam, whereas only a generation ago, they were the recipients of such from Western nations. With greater disposable income and more leisure time, Korean and Taiwanese citizens are aspiring to a better quality of life accompanied by increased demand for consumer products and services.

Vietnam, however, is in a different category. It is a country that has just recently taken the first steps toward development. The restoration of full diplomatic relations with the United States and its recent accession to the ASEAN has capped the country's effective entry into the international community. The affirmation of Vietnam's status with the International Monetary Fund (IMF) has triggered large-scale aid flows both bilaterally and with the World Bank and the Asian Development Bank. Aid pledges from all sources are in the order of $2 billion annually. This, coupled with the announcement by the Vietnamese government of the need for $9 billion in foreign investment has created a heady, gold-rush atmosphere with the lure of great profits. With the state-sanctioned doctrine of "doi moi" (renovation) and the easing of business regulations, there is significant potential for Canadian companies in Vietnam. Recent developments must, however, be tempered by reality. Vietnam remains a socialist state with limited capital at its disposal. Its bureaucracy is burdensome, its people largely unfamiliar with accepted business practices, and despite all the recent attention, the current state of infrastructure is incapable of sustaining large-scale economic activity.

Cambodia and Laos are small, poor countries recently opening to foreign investment. Cambodia has embraced a free market economy, while Laos, like Vietnam, is a socialist state embarking on market reforms.

Market Opportunities

Canada maintains a good trading relationship with the region. There is, nevertheless, further potential to expand market share in a variety of well-targeted industries, particularly in Korea, Taiwan and Vietnam.

Korea

Canada and Korea are in the process of solidifying a special partnership. The idea was first broached at the 1993 APEC Summit between Prime Minister Chrétien and President Kim Young Sam, and followed by former International Trade Minister MacLaren's visit to Seoul in April 1994. The special partnership is already investigating market access and industrial co-operation issues, which should lead to strategic alliances and investments.

Canada's trade and economic mission revolves around the Korea Strategy, consisting of the following five objectives:

- increasing trade in manufactured and high-technology products;
- expanding agriculture-food exports through continued encouragement of Korea to address market access issues and give priority to processed/value-added goods;
- increasing two-way investment;
- promoting co-operation/partnerships between Canadian and Korean firms pursuing third-market opportunities; and
- establishing stronger long-term and commercial links in newly emerging services and technologies sectors.

Korean information technologies and telecommunications markets have been expanding at about 20 percent per annum on average for the past three years. Ongoing liberalization, coupled with improving intellectual property rights in Korea, should result in increased interest by foreign equipment and services suppliers.

Korean manufacturing of transportation equipment is growing at a pace unprecedented in the country's history. In the short term, this is a high-profile sector with a focus on aerospace, aviation, marine and automotive activities. Korea will soon upgrade air traffic control and airport facilities. Canadian firms have been successful in transportation-related services.

The power and energy sector is important for maintaining Canada's role as a major trading partner with Korea. There are opportunities in CANDU-related equipment and support, and electrical transmission and distribution. There is also potential for strong and significant partnerships with Korea in vital third markets.

Environmental technologies, equipment and consulting services represent a key sector where success has been achieved by a number of smaller firms. The Canadian Embassy in Seoul has a program to promote Canada's profile in bilateral exchanges, and in academic and industrial activities. A strength of Canadian companies has been in services, where there is a significant role to be played by consultants.

There are also opportunities for the export of Canadian agriculture and food products. Korea's agricultural base does not allow for increased production of commodities and foodstuffs that consumers demand. Value-added food products with excellent potential include bottled water, honey, confectionery products, bakery mixes, processed meats, spirits (liquors and wine) and fish meal products.

Korean defence spending is continuing to grow, and the government is attempting to diversify its suppliers, providing a promising opportunity for Canadian defence companies. Korea is presently Canada's third-largest overseas market for defence equipment.

Tourism is also a high-growth industry for Korea, with spectacular growth in excess of 96 percent in just one year. The dramatic increase in traffic between Korea and Canada is attributed to Air Canada's new routes to Korea and the elimination of visitor visa requirements.

Taiwan

Due to the massive scale of Taiwan's National Infrastructure Development Plan, there are abundant market opportunities within the infrastructure sector (building materials, construction, engineering and consulting industries). There has also been a boom in demand for consumer products, including imported durables.

The rising cost of labour and an appreciating currency are forcing Taiwanese industry to rationalize and improve production automation and quality in order to remain globally competitive. As a result, there is significant potential in advanced equipment technologies, environmental goods and services, and engineering consulting services.

Taiwan is positioning itself to open a Regional Operation Centre in this decade. This long-term, ambitious goal will foster commercial opportunities for Canadians in the areas of telecommunications, financial services, transportation (air and ship) and media broadcasting.

Tourism is also a high-growth industry in Taiwan with an increase of 60 percent over 1993. Canadian Airlines International is expanding its service to Taiwan to keep up with demand.

Taiwan is an excellent potential source of investment for Canada with emphasis on high technology, environmental, telecommunications and biotechnology sectors.

Both EDC (Export Development Corporation) and the Canadian Commercial Corporation (CCC) are active in this market.

Vietnam

The greatest opportunities for Canadian firms are in activities that have been identified and funded by bilateral donors or IFIs. Promising areas include: infrastructure-related industries, including road construction; construction; engineering and consulting services; transportation (air traffic control, airport equipment, port management, urban transportation and equipment); agriculture-food (high-quality livestock and food-processing equipment); telecommunications (digital-switching equipment and rural telecommunications); and energy (hydro and thermal, distribution technology, equipment and expertise).

Cambodia and Laos

There are limited opportunities for Canadian firms, primarily funded through aid sources. Promising areas in Cambodia focus on the rehabilitation of infrastructure. Opportunities in Laos are concentrated in hydro power, transportation and forestry.

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South Asia (including India and Pakistan)

Introduction

In 1994, Canada's merchandise exports to South Asia totalled $420 million. While South Asia has not been a traditional Asia-Pacific market for Canadian goods, services and investment, this situation is rapidly changing. The countries of South Asia, including India, Pakistan, Bangladesh, Sri Lanka, Nepal and Afghanistan, are turning away from inward-looking economic policies to free competition, as they become more engaged in the world economy. Some countries, such as India and Pakistan, are actively looking to foreign companies and investors to assist them in expanding and improving their infrastructure, particularly in areas such as energy, telecommunications and transportation.

The importance of India as a large, emerging market must not be overlooked. With a burgeoning middle class of close to 250 million people, India has the largest block of middle-class consumers in the world. In recognition of the great potential that exists for increased Canada-India trade, the Department of Foreign Affairs and International Trade (DFAIT) has published a document, *Focus India*, detailing Canada's trade and economic strategy for that country. The strategy was developed as a Team Canada initiative through extensive consultations with the private sector and between the federal and provincial governments. It emphasizes sectors in which Indian requirements are matched with Canadian strengths and capabilities, identifies challenges and constraints in the Indian market, and details available information sources, programs and activities for exporters.

Business Environment

Canadian commercial interest in South Asia has grown exponentially over the past five years. This interest is beginning to be translated into actual business contracts, especially in India. Canada's currency in the region is well-founded on development assistance, co-operation through the Commonwealth and the United Nations, and strong human bonds through emigration of large numbers of South Asians to Canada. The fact that the countries of South Asia are English-speaking, democratic and familiar with market structures enhances business development.

The financial sector is well-developed in South Asia and EDC has an increased interest in the region. For small and medium-sized enterprises (SMEs), EDC offers financial services for sales of Canadian goods and services. IFIs such as the World Bank and the Asia Development Bank are also active in the region. In addition, aid-related trade prospects exist for most countries.

Market Opportunities

In South Asia, Canada is perceived as a well-developed country with a reputation for supplying sophisticated, quality goods and services. The countries of South Asia see particular advantages in pursuing partnerships, joint ventures and licensing agreements with Canadian firms, especially in light of their advanced technologies and industrial capabilities.

The major sectors of opportunity throughout the region include power generation, oil and gas development, environmental goods and services, telecommunications and the most recent emerging sector, agri-food. Opportunities also exist in education and training. Services in demand in South Asia include consulting engineering, geomatics, environmental consulting and general management services. Investment is increasing in some sectors, such as telecommunications, mining and food products, while in others, such as insurance, interest by foreign investors is relatively new.

Following are the major potential market sectors by country:

- **India:** By far the largest market in the region, there is enormous scope for commercial co-operation in India. Energy, telecommunications, environmental products and services, aviation, chemicals, food processing, electronics, medical equipment and transportation are the key sectors, but there are opportunities in virtually all sectors, especially under the reform and liberalization policies of the Rao government.

- **Pakistan:** Though Canadian exports in 1994 were down from previous years, there has been interest within Pakistan in strengthening trade relations with Canada. Telecommunications equipment and information technologies are in demand, as are wood and paper, agri-food products, power and energy supply and equipment, metals and minerals, transportation equipment and building materials.

- **Bangladesh:** In 1994, there was a revival of trade between Canada and Bangladesh. Opportunities exist in the energy and telecommunications sectors, while the top Canadian exports in 1994 were in agri-food, tobacco, wood and paper, metals and fertilizers.

- **Sri Lanka:** Exports to Sri Lanka have remained steady, particularly within the energy and telecommunications sectors. Export markets exist for printed paper products, specialized building materials, chemicals, machinery, fabrics, metals and minerals and foodstuffs.

- **Nepal:** Main exports to Nepal in 1994 included printed paper products, metals and minerals, precision optical equipment, manufactured fibres and mechanical equipment. Additional opportunities exist in the power sector.

- **Afghanistan:** While small in size, the Afghanistan market presents opportunities for exporters in agri-food and electrical goods.

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Southeast Asia/ASEAN

Introduction

Southeast Asia promises to be the most active economic area throughout the next decade; even long-standing barriers to business there are tumbling down. The original members of the Association of Southeast Asian Nations (ASEAN) are Thailand, Malaysia, Singapore, Indonesia, Brunei and the Philippines. They were joined in 1995 by Vietnam. Laos, Cambodia and, eventually, Burma hope to become members. This is an impressive market, many times larger in population and GDP than North America and Japan combined, and a strategic one for the future.

The enormous growth in the past years will build as momentum shifts to these economies from those of the older, increasingly expensive Asian tigers. This growth will put increased pressure on infrastructure to keep up and not become a bottleneck to business. This will require upgrades and expansion projects for public- and private-sector clients, directly or through international agencies.

Business Environment

Bureaucratic bottlenecks to business are also being cleared out by the governments themselves as they compete with each other and around

the world for international investment. Internal deregulation and privatization are gradually making doing business easier in these countries. Business is also becoming easier to conduct there as a result of the move to freer trade through the recent General Agreement on Tariffs and Trade (GATT), the WTO, APEC — to be centred in Singapore — and the ASEAN's own proposed Free Trade Agreement (AFTA). Tariffs are already dropping and non-tariff barriers, especially in services and intellectual property, are the next target.

ASEAN offers a less risky business climate than many of its larger neighbours. The private sector is increasingly adopting North American-style business practices, although the public sector can be slow moving and not always transparent.

Market Opportunities

Except for Singapore, which already enjoys a standard of living on a level with Canada, the region is experiencing the emergence of a sizable middle class with spending power and an attraction to the latest in business and consumer goods. Consequently, while traditional Canadian commodity exports will continue to be strong, this market is ideal for Canadian value-added exports of services and operational expertise. By their nature, such exports are cost-competitive in faraway markets, since their value is based on knowledge, not freight costs. However, they presume a close relationship with a client. To build trust and a sense of partnership with Asian clients, Canadian exporters must do their homework, be ready to deal face-to-face, and be comfortable adapting to quite different business customs and languages.

Canada has focussed its international business promotion efforts on the following key sectors in ASEAN: power and energy; advanced technology, especially geomatics and telecommunications; transportation and infrastructure; environment; and agri-food. The kinds of opportunities vary with the stage of development in each country.

Indonesia

This market has an enormous natural resources base and a need to manage it. The Indonesian middle class, with buying power comparable to Canadian consumers, may be only one sixth of the Indonesian population, but in real terms this equals 25 million people, roughly the total population of Canada. Promising sectors include: power (geothermal and hydro-electric equipment); informatics and telecommunications (management and industrial control systems and systems integrators); environment (for natural resources industries and construction sites); mining (equipment, training and consulting for tin, nickel, coal and other operations); transport (airport systems and navigation aids, road/rail/port upgrades, and rolling stock and ferries); and construction (housing materials, steel and ceramic pipe).

Malaysia

The Commonwealth "connection" and the use of English give Canadians a certain comfort level, but the strong Malay-Muslim sense of independence should not be overlooked. Malaysia demands a distinct marketing plan and should not, for example, be covered from Singapore. Promising sectors include: environment (hazardous waste and air-pollution control); power (transmission and distribution systems); health care (equipment and emergency medicine systems); informatics and telecommunications (management systems and geomatics); education (in Malaysia and study in Canada); and agri-food (fruit and bulk commodities).

Singapore

This is a sophisticated, wealthy (highest per-capita income in Asia-Pacific after Japan), English-speaking market that acts as the transport, communications and finance node for the region. Promising sectors include: environment (municipal waste handling, noise pollution and wastewater); agri-food (meat products and processed foods); aerospace (frames and engine parts); petroleum (to reach the multinationals based in Singapore for the region); construction (building materials and advanced niche expertise); informatics (telematics and convergence technologies); and defence/security (training and policing equipment).

Philippines

The Philippines is becoming more stable politically and is focussing on business, with major advances being made in the last year. English-language capability makes this a good Asian "starter" market. As well, the Philippines is accustomed to the North American style of conducting business, although it does not necessarily

follow it. The Asia Development Bank, centred in Manila, can advise potential suppliers and contractors on procurement for its program of regional development projects. Promising sectors include: informatics and telecommunications; agri-food (dairy products, handling and transport systems); energy (geo-, hydro- and fossil-fuel generation and BOT or conservation and management projects); mining (exploration technologies, and copper/gold mining primary equipment and parts); environment (waste handling and technologies for the mining sector); and forestry (reforestation and other management expertise).

Brunei

Brunei is a small, oil-rich economy, closely directed by the Sultan, with money to finance chosen projects. In 1995, Canada and Brunei opened High Commissions to more closely follow their political and trade relations.

Thailand

A booming market in its own right, Thailand is central to the economies of Indochina (Vietnam, Laos, Cambodia and Burma) and southern China. It is aggressively courting foreign business. Promising sectors include: power (hydro-electric generators and co-generation); transport (urban transit, rail and road); environment (industrial waste management and remediation); health care (instrumentation, diagnostics and dental products); and agri-food (franchising and dry goods).

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Australia and New Zealand

Introduction

The economies of both Australia and New Zealand are growing substantially. New Zealand has worked through its economic reforms, registering almost 6-percent growth in the year ending June 1995. Once one of the world's most highly regulated and protected economies, New Zealand has undergone significant restructuring to make its industry internationally competitive. The reforms are proving successful, and New Zealand's industries are modernizing and rationalizing, often using imported equipment and expertise. At the same time, Australia has achieved renewed economic growth, emerging from a three-year recession and recording 4.5-percent growth between July 1994 and June 1995. As Australia's economy continues to expand, based on imports of advanced technologies, capital equipment and manufactured goods, there is mounting pressure on the current account, and some popular sentiment for a return to a more traditional protectionist trade policy.

Business Environment

Australia and New Zealand are essentially agriculture and resource exporters that have traditionally relied on protectionist trade policies to harbour inefficient national-scale industries. Now, however, both governments are active and aggressive proponents of freer trade and are in the forefront of trade liberalization in the WTO, APEC and elsewhere. There is, as well, an openness in business and industry to international partnership as they seek to build new export industries and new markets, particularly in Asia. Canada is seen as a preferred partner in many of these ventures, based on a long history of successful investments and on the similarity of business and legal systems. To mark the centenary of official Canada-Australia relations, a Trade and Economic Co-operation Arrangement (TECA) was signed recently, which will encourage greater business co-operation among SMEs. Initially, the work program will focus on environmental technologies and services, mining and oil field equipment and services, distance education and entertainment industries.

New Zealand and Australia are modern sophisticated markets with legal systems based on British Common Law and business law, and practices rooted in their British heritage. Canadian exports to both markets are heavily oriented toward high-value, high-employment-added manufactured goods, usually produced by Canadian SMEs. Businesses in both countries are accustomed to and comfortable in dealing with foreign suppliers, although normally a local agent or representative can significantly improve sales performance and customer support.

Market Opportunities

As economic growth based on imported equipment and services continues, four sectors have been identified for priority attention in both Australia and New Zealand: advanced technology; environmental goods and services; forestry machinery; and agri-food. There are also good opportunities in Australia for biotechnology, health care, agricultural machinery, mining and metals machinery; food-processing equipment; transportation equipment; and defence equipment. New Zealand has been a particularly good market for consumer products.

Advanced Technology

Australia and New Zealand are technically sophisticated markets that are highly receptive to new technology. They also rely to a large extent on technology imports. Although economic growth will be fuelled by agriculture and resource exploitation, the application of state-of-the-art telecommunications, manufacturing and other technologies will be the focus of large capital expenditures. In particular, deregulation of telecommunications in both countries is opening up opportunities for Canadian exporters. As well, Canadian computer services and software are highly regarded in the marketplace.

Environmental Equipment and Services

Environmental sensitivity in Australia and New Zealand is high, and serious efforts are being made to become environmentally more responsible. New Zealand, in particular, has imposed new rules on wastewater treatment that are creating significant opportunities; clean-up of effluent from the forest industry is a high priority. At the same time, Australia is working to improve the handling and treatment of hazardous materials, to remediate soil, improve air quality and treat wastewater. These efforts feature extensive foreign participation and often include partnerships with foreign firms for ongoing work in Australia and in other, principally Asian, markets.

Forest Machinery

It is not generally appreciated that Australia has a large and economically important forest industry. With over 43 million hectares of native forests and 1 million hectares of plantations, forestry is big business and, with the renewal of licences in almost 3000 logging areas, a new round of capital equipment purchase and renewal is forecast. In New Zealand, privatization and the need to modernize existing mills is also stimulating demand for state-of-the-art equipment. Imports constitute the bulk of these new installations.

Agri-food, Food-processing Equipment

Both Australia and New Zealand are major producers of food, notably beef, lamb and wheat. At the same time, however, there is a growing sophistication in the marketplace that is opening new opportunities for processed food products. There is also a growing need for state-of-the-art food-preparation and -handling equipment, as local firms gear up to furnish quality prepared foods sought by consumers. Canada has established a significant reputation as a source of quality food products, and it is making extensive efforts to position Canadian equipment manufacturers in the market.

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Africa and the Middle East

Introduction

The markets in Africa and the Middle East are sometimes overlooked by Canadian businesses seeking new export markets. There are a number of factors responsible for this, including low levels of general market awareness, perceived language barriers, distances, and lack of familiarity with local cultures. Nevertheless, in 1994, total Canadian exports to the region reached $2.7 billion, to which can be added an estimated $800 million in services. This represents an increase of 15 percent

over 1993 in total Canadian sales to the region, and a 14-percent increase since 1990. Preliminary figures for 1995 indicate that exports will increase by another 25 percent over 1994.

Although access to these countries is undeniably more difficult than to other more familiar markets, a carefully developed penetration strategy and sustained effort can provide profitable business opportunities and a significant return on investment. While oil and gas, telecommunications and high technology, transportation and agri-food generally offer the best business prospects, other sectors such as services (education, banking/financial), environment, mining and energy are also very active. They are poised to benefit from substantial developments as a large number of African countries move toward privatization and trade liberalization, as South Africa becomes a more active player in the region and as the Middle East peace process asserts itself.

Africa

Business Environment

In 1994, Canada's total exports to Africa increased by 15 percent over the previous year to $1.2 billion (excluding Egypt, $95 million). Preliminary 1995 figures indicate that exports to such major markets as Algeria, South Africa, Morocco and Tunisia will increase by over 50 percent from 1994. Fully 59 percent of Canadian exports went to North Africa. Africa is also a prime market for Canadian services, with an estimated total contract value of some $400 million. In 1994, Canada was awarded $156 million for projects in Africa from the African Development Bank (AfDB) and a further $54 million from the World Bank.

Canada's commercial involvement in Africa has increased remarkably over the past 25 years. Development assistance programs, the funding programs of EDC (Export Development Corporation), Canada's involvement in la Francophonie and the Commonwealth, and initiatives with respect to apartheid and forgiving the debts of a number of African countries have led to a very good image for Canada on this continent. In addition, the bilingualism of Canada, the complementary needs of Canada and the African countries, and Canada's sector expertise gives Canadian exporters an important advantage.

In recent years, an increasing number of African countries have undertaken political and economic reforms, primarily to establish a multipartite system, liberalize their foreign trade, streamline their public finances and develop the private sector. Canada actively supports these initiatives, which in many cases are facilitated by significant funding from the World Bank and the AfDB, and supported by the Canadian International Development Agency (CIDA), and which will open up new business opportunities for equipment, services and investment. There is a renewed emphasis on education and training, and important new opportunities for expertise in consulting, training, management and financial services have been opened up by privatization programs.

Canada's trade development activities in Africa are intended to take advantage of the many trade and investment opportunities stemming from the economic restructuring programs that are under way. Strong emphasis will be placed on developing commercial and investment relations with the emerging private sectors of these countries, and on the opportunities generated by international financial institution (IFI)-funded initiatives. Export development initiatives will also be complemented by the promotion of joint-venture and technology-transfer opportunities.

Export financing is a critical issue in many African countries, and will require that exporters consider seeking offshore guarantees and focus on revenue-generating sectors and/or development initiatives supported by IFIs.

Market Opportunities

The range of Canadian exports to Africa varies considerably, from basic products such as wheat, timber and minerals to high-technology products such as telephone equipment, flight simulators, helicopters, mining- and oil-related equipment for the generation and transportation of electricity. Africa is now an important market for Canadian service firms in oil and gas, engineering, management, education, health care, informatics, and financial and banking services, to name a few.

In South Africa, the dismantling of Canada's trade restrictions continues to spur rapid growth in Canadian exports. Success is being achieved in a wide range of sectors, and the prospect of future business opportunities for Canadian companies is bright. In 1994, total sales of Canadian goods to South Africa — valued at $238 million — represented an increase of 42 percent over 1993. Figures to September 1995 indicate a further rise of 45 percent, for an annual total of about $330 million. Average pre-sanctions two-way trade levels of almost $500 million have already been

exceeded. A significant proportion of Canadian sales are manufactured and high-technology products. As the country integrates into the regional and global economy, new business opportunities are expected to emerge in the fields of mining, telecommunications and informatics, geomatics, environment, security products and medical products and services.

Close to 60 percent of Canada's exports to the continent still go to North Africa. These include cereals, dairy products, sulphur, lumber and minerals as well as a wide array of manufactured products such as locomotives, telecommunications equipment, helicopters, construction machinery, chemical products, oil, gas and hydro-electricity generation and transmission equipment. North Africa is also an important market for Canadian services such as engineering, consulting, education, health care, computers and financial services. At the end of the third quarter of 1995, Canada's domestic exports to North Africa had increased dramatically.

The countries and sectors that offer the most promising opportunities for Canadian exporters in North Africa are described below.

- **Algeria:** This is Canada's single largest market on the continent, with total sales of $482 million in 1994, an increase of 96 percent from the previous year. Opportunities exist in oil and gas, transportation, construction, telecommunications, irrigation, agriculture, industrial development and services (engineering, management, education and training, banking and financial). Recently, Algeria has indicated that it will give priority to the import of agricultural commodities, construction material and pharmaceutical products.

- **Morocco:** The most promising sectors include agriculture, telecommunications, transportation, industrial infrastructure, oil and gas, energy, environment, computer equipment and services, education and training, and financial services. A vast privatization program and the Moroccan will to deal with new trading partners outside of the European Union (EU) could attract Canadian interest.

- **Tunisia:** Areas of interest here include oil and gas, environment, telecommunications, transport, electricity generation and transmission, and financial services.

In Sub-saharan Africa, with the exception of South Africa (where Canada will be targeting the telecommunications, mining, agri-food, consulting engineering, health-care, transportation, energy and high-tech sectors), available resources dictate that Canada focusses on the following countries: Nigeria; Gabon; Ghana; Angola; Kenya; Zimbabwe; Cameroon; Zambia; Tanzania; Senegal; Chad; and the Ivory Coast. As well, the following industrial sectors will be emphasized: hydrocarbons; telecommunications; and mining.

Middle East

Business Environment

The new political environment created by the peace process and the reconstruction efforts following the end of the Gulf War and the civil war in Lebanon have had profound implications for the regional trade environment. At the same time, awareness of Canada's capabilities as a country and as a trade partner has increased dramatically throughout the region. The challenge for the Canadian business community is to capitalize quickly and efficiently on new trade opportunities as they develop throughout the region. There still is significant potential for Canada to increase its market share, despite strong competition and current economic and financing constraints.

Canadian total exports to the region (including Egypt) in 1994 were $1.6 billion, representing an increase of 14 percent over 1993. When services are added, these figures reach $2 billion. Since 1990, there has been a 31-percent increase in total sales of Canadian products to the Middle East. At the end of the third quarter of 1995, domestic sales to the Middle East had increased markedly. The region, for the most part, is traditionally a cash market with a large appetite for Canadian high-technology products, including security equipment. Canada is a significant importer of Middle East oil, in the range of $600 million annually, thus offering opportunities for exchanges for Canadian manufactured and advanced technology exports.

Although Canada exports mostly commodities to the region, value-added goods, services, technology transfers and joint ventures represent areas of significant growth every year. Canada has registered, for the past two years, major sales of defence and high-technology products, and other substantial trade opportunities are being actively pursued by Canadian exporters.

On the financing side, EDC has designated the Middle East as a priority market and is eager to review opportunities for project financing. The

Corporation has concluded a line of credit of $500 million with Kuwait, and has three lines of credit with Israeli banks. A line of credit is also under discussion with authorities in Lebanon.

Market Opportunities

In addition to Canada's growing reputation as a reliable supplier of quality goods, it is recognized as a country willing to assist in the areas of development and technology transfer. Numerous opportunities exist in the education and training field, with many Canadian universities, colleges and services exporters already active in the field.

Canada is increasingly being recognized throughout the region as a world leader in telecommunications and information technology, transportation, environmental technologies, agriculture, biomedical technologies, power generation and energy transmission. All of these sectors are considered priorities by Canada's trade missions in the region, and present viable business opportunities to active Canadian exporters.

Services exports also represent a significant amount of Canadian sales to the Middle East, estimated at several million dollars per year. Consulting engineering in the oil and gas and the power-generation sectors has traditionally formed the core of services exports. Year after year, Canadian expertise finds its way into these markets in different fields such as environment, livestock management and dairy genetics, architectural services, education and training, geomatics, financial services, and others.

The major potential market sectors by country are listed below.

- **Iran:** The best prospects in Iran can be found in the agriculture and oil and gas sectors. Strong potential also exists in transportation, high technology and education.
- **Israel:** Canadian exports cover a full range of goods including commodities, manufactured goods and advanced technologies. Other interesting prospects are telecommunications and information technologies, transportation, biotechnologies, environment, and power generation. There are also opportunities for greater joint-venture co-operation.
- **Jordan:** Opportunities exist in telecommunications, agro-industry, mining equipment and services, industrial machinery and transportation.
- **Lebanon:** A major reconstruction effort estimated at $10 billion over the next 10 years offers a number of business opportunities to Canadian firms in the areas of telecommunications and related technology, energy, health products and services, and construction.
- **Saudi Arabia:** This country is Canada's prime market in the Middle East, with contracts estimated at several billion dollars being actively pursued by Canadian firms in telecommunications and advanced technologies, security products, transportation, agriculture and food products, mining and mineral equipment, oil and gas, and a variety of services.
- **Syria:** Interesting potential exists in transportation, mining, industrial machinery, oil and gas, the aero-industry, telecommunications and power generation.
- **Kuwait:** Sectors offering potential for Canadian sales include transportation, security equipment and services, agri-food, geomatics, telecommunications, oil and gas, health care, and power and energy.
- **Egypt:** Good potential exists in agri-food, transportation, environment, advanced technologies and commodities.
- **United Arab Emirates (UAE), Oman, Qatar, Bahrain:** The UAE and Qatar are seeking Canadian technology in the petrochemical sector. Opportunities also exist in agriculture and telecommunications, as well as in education and training services, defence products, transportation, construction and oil and gas. In April 1993, a consulate was opened in Dubai to better service Canadian companies pursuing opportunities in the region. In Oman, potential exists in the fishing industry for sales of fishing vessels, port facilities, equipment and related services.

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Canada Business Service Centre Network

The new network, made up of Canada Business Service Centres in each province, has been created to provide small businesses with a single access point for information on federal and provincial government programs, services and regulations related to business.

Each Canada Business Service Centre offers a combination of products and services tailored to the needs of its distinctive client base:

- a toll-free telephone information and referral service;
- the Business Information System, a comprehensive database of information on the services and programs of participating federal and provincial departments and private-sector organizations;
- a FaxBack system;
- pathfinders, which briefly describe the services and programs available by topic (e.g. exporting); and
- leading-edge business products, which could include videos, publications, business directories, how-to manuals, CD-ROM products, and external database access.

To access these services, you are invited to contact the Canada Business Service Centre nearest you:

Ontario

Canada-Ontario Business Service Call Centre
Tel: (416) 954-INFO (4636) or 1-800-567-2345
Fax: (416) 954-8597
FaxBack: (416) 954-8555 or 1-800-240-4192

Quebec

Info entrepreneurs
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Fax: (514) 496-5934
Info-Fax: (514) 496-4010 or 1-800-322-4010

Newfoundland

Canada Business Service Centre
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FaxBack: (709) 772-6030

Prince Edward Island

Canada/Prince Edward Island Business Service Centre
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Fax: (902) 566-7098
FaxBack: (902) 368-0776 or 1-800-401-3201

Nova Scotia

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FaxBack: (902) 426-3201 or 1-800-401-3201

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Note: Businesses in the Northwest Territories should direct their enquiries through the Manitoba CBSC. Businesses in the Yukon should contact the Alberta CBSC.

Cross-sectoral Activities

Canada's International Business Strategy consists of this Overview and 22 separate Industry Sector Strategies, each with an accompanying list of proposed activities. A list of these sectors can be found on the inside front cover of this publication. The following is a list of international business development activities that do not relate to any specific sector, but are cross-sectoral in nature.

Activity	Date	Location	Dept.	Contact
Africa and the Middle East				
International Investment Promotion Seminars	01-Apr-96	TBD	NRCan	613-992-5873
Southern and East African Regional Action Plan (SEARAP): Export Market Development Initiative	01-Apr-96	Southern Africa	DFAIT	613-944-6590
Zimbabwe/Botswana/Zambia Market Studies	01-Apr-96	Harare/Gaborone/ Lusaka	DFAIT	613-944-6586
Namibia '96: Info Booth	02-Apr-96	Windhoek	DFAIT	613-944-6590
Desk Top Exhibition of Canadian Capabilities	04-May-96	Georgetown	DFAIT	613-943-8807
Canada/Saudi Arabia Joint Economic Consultation	06-May-96	Ottawa	DFAIT	613-944-5984
SAITEX in South Africa: Info Booth	20-Oct-96	Johannesburg	DFAIT	613-944-6590
Provincial Missions to South Africa	20-Oct-96	Johannesburg	DFAIT	613-944-6590
Mission to Jordan	15-Nov-96	Amman	DFAIT	613-944-5996
Securex in South Africa: Info Booth	01-Feb-97	Johannesburg	DFAIT	613-944-6590
Asia-Pacific South				
Asian Development Bank (ADB) Liaison Outreach in Canada: Workshops	01-Apr-96	Vancouver/ Calgary	DFAIT	613-996-0844
Buyers from Indonesia	01-Apr-96	Canada TBD	DFAIT	613-992-0959
Market Studies and Information	01-Apr-96	Jakarta	DFAIT	613-992-0959
Key Sectors Publications Update	01-Apr-96	Jakarta	DFAIT	613-992-0959
International Investment Promotion Seminars	01-Apr-96	TBD	NRCan	613-992-5873
Market Intelligence on Singapore/Brunei	01-Apr-96	Singapore/ Brunei	DFAIT	613-996-3667
Manufacturing Surabaya '96 in Indonesia: Info Booth	01-May-96	Surabaya	DFAIT	613-992-0959
Canadian Exporters' Guide Update	15-May-96	Dhaka	DFAIT	613-992-0665
Canadian Technology Showcase '97: Seminar	01-Jan-97	Jakarta/Bandung/ Surabaya/Medan	DFAIT	613-992-0959

Note: Dates and locations are subject to change.

Activity	Date	Location	Dept.	Contact
Central/Eastern Europe and the Commonwealth of Independent States				
NEXOS Mission to Russian Far East	01-Jun-96	Moscow	DFAIT	613-996-1530
Russian Far East Trade Fair: Info Booth	01-Jun-96	Moscow	DFAIT	613-996-1530
East Asia				
Marketing in Taiwan Seminar/Market Information and Studies	05-May-96	Canada TBD	DFAIT	613-995-8744
Showcase Canada: National Stand	10-Oct-96	Taipei	DFAIT	613-996-7582
Wisitex in India: Info Booth	01-Feb-97	New Delhi	DFAIT	613-996-5903
Japan				
Investment Counsellors' Speaking Tour	01-Apr-96	All Provinces	DFAIT	613-944-5941
Investment Mission from Keidanren	01-Apr-96	All Provinces	DFAIT	613-944-5941
School Excursions Promotion	01-Apr-96	Kanto/Kansai/ Kyushu	DFAIT	613-996-2458
Directory of Canadian Business in Japan: Distribution	01-May-96	Japan	DFAIT	613-996-2458
School Excursions Seminar in the Kansai	01-May-96	Osaka	DFAIT	613-995-8596
Latin America and the Caribbean				
International Investment Promotion Seminars	01-Apr-96	TBD	NRCan	613-992-5873
Havana International Fair '96 in Cuba: National Stand	03-Nov-96	Havana	DFAIT	613-996-6129
Canada Expo '96 in Chile: Solo Show	03-Dec-96	Santiago	DFAIT	613-996-5358
Multiple Markets				
Marketing Canada as an Investment Location	Ongoing	TBD	DFAIT	613-995-0780
Financing/Private Equity Investment Project: Seminar	Ongoing	TBD	DFAIT	613-995-7920
United States				
Bank of Canada Seminar: Mission	01-Apr-96	New England	DFAIT	613-944-2375
Canadian Technology Network: Speaker Series	01-Apr-96	Detroit	DFAIT	613-944-9475
Government Resources Study	01-Apr-96	Washington, D.C.	DFAIT	613-944-8821
1996-97 Public Sector Informatics Study	01-Apr-96	Washington, D.C.	DFAIT	613-944-8821
Investment/Strategic Alliance Seminar	01-Apr-96	Cleveland	DFAIT	613-944-9475
Investment/Venture Capital Forum	01-Apr-96	Detroit/ Indianapolis	DFAIT	613-944-2375
Market Intelligence Products: Studies and Publications	01-Apr-96	Washington, D.C.	DFAIT	613-944-8821
Venture Capital Available in Washington: Study	01-Apr-96	Washington, D.C.	DFAIT	613-944-2375
Multi-sector NEBS Mission from Quebec	01-Apr-96	Boston	DFAIT	613-944-6577
NEBS Mission from Sherbrooke, Quebec	01-Apr-96	New England	DFAIT	613-944-6577
NEBS Mission to Michigan	01-Apr-96	Detroit	DFAIT	613-944-6577
NEBS Mission to Minnesota	01-Apr-96	Minneapolis	DFAIT	613-944-6577
NEBS Mission to New York State	01-Apr-96	Buffalo	DFAIT	613-944-6577

Activity	Date		Dept.	Contact
NEBS Mission to the U.S. Midwest	01-Apr-96	Chicago	DFAIT	613-944-6577
Non-defence U.S. Government Procurement Management Project	01-Apr-96	U.S. TBD	DFAIT	613-944-8821
Outreach to U.S. Investment Intermediaries/Partners: Seminars	01-Apr-96	Chicago	DFAIT	613-944-9475
Outreach to Canadian Intermediaries/Partners: Seminars	01-Apr-96	Canada TBD	DFAIT	613-944-9475
Promoting Research and Development in Canada: Seminars	01-Apr-96	Boston	DFAIT	613-944-9475
R&D Lab Representatives' Mission from the U.S.	01-Apr-96	Toronto/Montreal	DFAIT	613-944-9475
R&D Mission from the U.S. Southeast	01-Apr-96	Canada TBD	DFAIT	613-944-9475
Strategic Partnering Seminar	01-Apr-96	New York/ Princeton, NJ	DFAIT	613-944-9440
Technology Speaker Series	01-Apr-96	Princeton, NJ	DFAIT	613-944-9475
Technology Partnership Program	01-Apr-96	Washington, D.C.	DFAIT	613-944-8821
Technology Speaker Series	01-Apr-96	Detroit	DFAIT	613-944-9475
Technology Transfer Market Study	01-Apr-96	Ohio/Indiana	DFAIT	613-944-9475
Venture Capital and Site Location Briefings	01-Apr-96	Chicago	DFAIT	613-944-2375
U.S.A. Investment Leaflet: Promotion	01-Apr-96	TBD	DFAIT	613-944-2375
Investment Seminar: Phase II	04-Apr-96	Cleveland	DFAIT	613-944-9475
NEBS Mission to the U.S. Northwest	10-Apr-96	U.S. TBD	DFAIT	613-944-6577
Technology Transfer Mission	10-Apr-96	Ann Arbor/Cleveland	DFAIT	613-944-9475
NEBS Economic Development/Investment Mission	01-May-96	New England	DFAIT	613-944-6577
New Brunswick NEBS/NEXPRO Multi-sector Mission	01-May-96	Boston	DFAIT	613-944-6577
Alliance Canada Promotion	05-May-96	Los Angeles	DFAIT	613-944-2375
Ontario Matchmaker Phase III Conference	01-Jun-96	Detroit	DFAIT	613-944-9475
Technology Mission from the U.S. Midwest	10-Jun-96	Montreal/Ottawa/ Toronto	DFAIT	613-944-9475
Reverse NEBS Mission	01-Jul-96	P.E.I.	DFAIT	613-944-6577
Canada Watchers' Seminar	08-Jul-96	New York	DFAIT	613-944-2375
High-Tech/R&D Mission from the U.S.	04-Sep-96	Toronto/ Ottawa	DFAIT	613-944-9475
R&D Showcase: Mission from the U.S.	04-Sep-96	Toronto/Ottawa	DFAIT	613-944-9475
Venture Capital Round Table	06-Sep-96	Minneapolis	DFAIT	613-944-9475
Aquaculture R&D/Technology Transfer Mission to the U.S.	01-Oct-96	New England	DFAIT	613-944-9475
Mission to Technology Centres in the U.S.	01-Oct-96	New York State	DFAIT	613-944-9475
Aquaculture R&D/ Technology Transfer Mission	01-Oct-96	New England	DFAIT	613-944-9475
High-tech Venture Capital Forum: Workshop	09-Oct-96	New York	DFAIT	613-944-2375
Technology Transfer Mission from the U.S.	11-Oct-96	Canada TBD	DFAIT	613-944-9475
Technology Prospecting Study	01-Nov-96	Princeton, NJ	DFAIT	613-944-9475

Activity	Date	Location	Dept.	Contact
Intermediaries Site Locators' Seminar	06-Nov-96	New York	DFAIT	613-944-2375
Western Canadian Company Showcase	13-Nov-97	New York	DFAIT	613-944-9475
Maritime Company Showcase	11-Dec-97	New York	DFAIT	613-944-9475
Western Europe and the European Union				
EXPO '98 Promotion: Solo Show	01-Apr-96	Lisbon	DFAIT	613-996-1530
International Investment Promotion Seminars	01-Apr-96	TBD	NRCan	613-992-5873
Trade Access Initiatives: Conferences	01-Apr-96	Europe	DFAIT	613-995-6115
Habitat II: National Stand	03-Jun-96	Istanbul	DFAIT	613-992-7001
Thessaloniki Trade Fair: Info Booth and Seminar	01-Sep-96	Thessaloniki	DFAIT	613-996-1530

For up-to-date and detailed information on the activities in this document and those contained in other sectors, you may consult the CIBS Compendium. This on-line compilation of activities planned by the federal and provincial governments is continuously revised and is accessible via the Department of Foreign Affairs and International Trade World Wide Web site, at the following address: http://www.dfait-maeci.gc.ca

Acronyms and initialisms used in Canada's International Business Strategy

(This list does not include sector-specific references.)

AAFC	Agriculture and Agri-Food Canada
ACOA	Atlantic Canada Opportunities Agency
APEC	Asia-Pacific Economic Co-operation forum
ASEAN	Association of Southeast Asian Nations
BBS	electronic bulletin board system
BOOT	build, own/operate, transfer
BOSS	Business Opportunities Sourcing System
CCC	Canadian Commercial Corporation
CIBS	Canada's International Business Strategy
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CSA	Canadian Standards Association
DFAIT	Department of Foreign Affairs and International Trade
DFO	Department of Fisheries and Oceans
DND	Department of National Defence
EC	Environment Canada
EDC	Export Development Corporation
EU	European Union
FITT	Forum for International Trade Training
FORDQ	Federal Office of Regional Development — Quebec
FSU	former Soviet Union
FTA	Canada-U.S. Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
HRDC	Human Resources Development Canada
IBOC	International Business Opportunities Centre
IC	Industry Canada
IDRC	International Development Research Centre
IFI	international financial institution
ISO	International Standards Organization
ITAC	International Trade Advisory Committee
ITC	International Trade Centre
MAPAQ	Ministry of Agriculture, Fisheries and Food of Quebec
MDB	multilateral development bank
MNE	multinational enterprise
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NRC	National Research Council
NRCan	Natural Resources Canada
NRCan-CFS	Natural Resources Canada — Canadian Forest Service
NST	National Sector Team
OECD	Organization for Economic Co-operation and Development
PEMD	Program for Export Marketing Development
R&D	research and development
S&T	science and technology
SAGIT	Sectoral Advisory Group on International Trade
SME	small and medium-sized enterprise
UNEP	United Nations Environmental Program
WED	Western Economic Diversification
WTO	World Trade Organization

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